

THE DEPARTMENT OF STATE BULLETIN

JANUARY 27, 1940

Vol. II: No. 31—Publication 1428

Contents

	Page
EUROPE:	
British reply to United States protest on treatment of the mails	91
Protest to Great Britain on treatment of United States shipping	93
Evacuation of American citizens from Soviet-occupied territory	95
Switzerland: Death of the Chief of the Political Department	96
Luxemburg: Birthday of the Grand Duchess	96
THE NEAR EAST:	
Egyptian censorship regulations	96
GREAT LAKES-ST. LAWRENCE WATERWAY PROJECT	96
COMMERCIAL POLICY:	
The Reciprocal Trade Agreements or What?: Address by Assistant Secretary Grady	97
The Role of the United States in Economic Reconstruction: Address by Assistant Secretary Grady	101
The Trade-Agreements Program: Address by Assistant Secretary Grady	105
TRAFFIC IN ARMS, TIN-PLATE SCRAP, ETC.:	
Monthly statistics	110
GENERAL:	
Passport statistics	122

[Over]



FOREIGN SERVICE OF THE UNITED STATES:	Page
Resignation of Joseph E. Davies as Ambassador to Belgium and Minister to Luxemburg	123
TREATY INFORMATION:	
Navigation:	
Great Lakes-St. Lawrence Waterway Project. . . .	124
Telecommunications:	
International Telecommunication Convention (Treaty Series No. 867)	125
International Telephone Consulting Committee. . .	125
Restriction of war:	
Convention for the Amelioration of the Condition of the Wounded and the Sick of Armies in the Field (Treaty Series No. 847)	125
Education:	
Procès-Verbal Concerning the Application of Articles IV, V, VI, VII, IX, XII, and XIII of the Conven- tion of October 11, 1933, for Facilitating the Inter- national Circulation of Films of an Educational Character	125
Refugees:	
Additional Protocol to the Provisional Arrangement of July 4, 1936, and to the Convention of February 10, 1938, Concerning the Status of Refugees Com- ing from Germany	126
PUBLICATIONS	126

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Europe

BRITISH REPLY TO UNITED STATES PROTEST ON TREATMENT OF THE MAILS

[Released to the press January 21]

Following is a note from the British Foreign Office received by the American Embassy at London on January 17, 1940:¹

"I have the honour to invite reference to your note No. 1730 of the 27th December² in which you drew attention to certain specific instances of the removal from British, United States and other neutral ships, and of the examination by the British censorship authorities, of United States mail addressed to neutral countries and of sealed letter mail despatched from the United States. You also stated that your Government admitted the right of His Majesty's Government to censor private mails originating in or destined for the United Kingdom or private mails which normally pass through the United Kingdom for transmission to their final destination, but that in view of The Hague Convention No. 11, your Government could not admit the right of the British authorities to interfere with United States mail in United States or other neutral ships on the high seas or to censor mail in ships which have involuntarily entered British ports.

¹The Department of State was informed on January 20, 1940, by the American Embassy at London that the British Foreign Office was releasing the text of this note for publication on January 21, 1940. The Department accordingly has made the text available here.

²See the *Bulletin* of January 6, 1940 (Vol. II, No. 28), p. 3.

"Two. His Majesty's Government in the United Kingdom are happy to note that there is substantial agreement between them and the United States Government as regards the rights of censorship of terminal mails and that the only point of difference seems to lie in the interpretation of The Hague Convention in regard to correspondence in ships which are diverted into British ports.

"Three. The view of His Majesty's Government as regards the examination of mail in ships on the high seas or involuntarily entering British ports is that the immunity conferred by Article I of The Hague Convention No. 11, which in any case does not cover postal parcels, is enjoyed only by genuine postal correspondence, and that a belligerent is therefore at liberty to examine mail bags and, if necessary, their contents in order to assure himself that they constitute such correspondence and not articles of a noxious character such as contraband. This view must, in the opinion of His Majesty's Government, be regarded as established by the practice during the war of 1914-1918, when none of the belligerents accepted the view that Article I of this convention constituted an absolute prohibition of interference with mail bags, and the general right to search for contraband was regarded as covering a full examination of mails for this purpose. Reference to the correspondence between the United

States Government and His Majesty's Government in 1916 shows that at that date the United States admitted in principle the right of the British authorities to examine mail bags with a view to ascertaining whether they contained contraband.

"Four. It will be appreciated that the letter post as well as the parcel post can be used to convey contraband; and that even though letters may be addressed to a neutral country, their ultimate destination may be Germany. For instance the letter mails may be used to convey securities, cheques or notes or again they may be used to send industrial diamonds and other light contraband. It must be remembered that the limit of size, weight and bulk of letters sent is sufficient to allow the passage of contraband of this nature which may be of the utmost value to the enemy. It was presumably for this reason that the United States Government in their note of the 24th May 1916³ stated that 'the Government of United States is inclined to the opinion that the class of mail matter which includes stocks, bonds, coupons and similar securities is to be regarded as of the same nature as merchandise or other articles of property and subject to the same exercise of belligerent rights. Money orders, cheques, drafts, notes and other negotiable instruments which may pass as the equivalent of money are, it is considered, also to be classed as merchandise.' It is clear that in the case of merchandise, His Majesty's Government are entitled to ascertain if it is contraband intended for the enemy or whether it possesses an innocent character, and it is impossible to decide whether a sealed letter does or does not contain such merchandise without opening it and ascertaining what the contents are. It would be difficult to prevent the use of the letter post for the transmission of contraband to Germany, a use which has been made on an extensive scale, without submitting such mail to that very examination to which the United States Government is taking objection.

³ See *Foreign Relations of the United States, 1916, Supplement: The World War*, pp. 604-608.

"Five. The Allied Governments in their correspondence with the United States Government in 1916 also had occasion to demonstrate the extent to which the mails were being employed for the purpose of conveying contraband articles to Germany. The position in this respect is identical today, and, in this connexion, I have the honour to invite reference to an aide memoire dated the 23rd November, 1939,⁴ which was communicated to a member of your staff and in which clear evidence was given of the existence of an organised traffic in contraband on a considerable scale between German sympathisers in the United States and Germany through the mail. An article in a newspaper published in German in the United States, which was handed to him at the same time, showed that an organisation existed in United States territory for the purpose of facilitating this traffic.

"Six. Quite apart from transmission of contraband the possibility must be taken into account of the use of the letter post by Germans to transmit military intelligence, to promote sabotage and to carry on other hostile acts. It is in accordance with international law for belligerents to prevent intelligence reaching the enemy which might assist them in hostile operations.

"Seven. I may add that in another respect, namely the destruction of mails on board ships sunk by the illegal methods of warfare adopted by Germany, the situation today is identical with that which existed in the war of 1914-1918. Between the 3rd September, 1939 and the 9th January, 1940 the German naval authorities have destroyed without previous warning or visit, in defiance of the rules of war and of obligations freely entered into, the S. S. *Yorkshire*, the S. S. *Dunbar Castle*, the S. S. *Simon Bolivar* and the S. S. *Terukuni Maru*, all of which are known to have been carrying mails to or from neutral countries, with as little regard for the safety of the neutral correspondence on board as for the lives of the inoffensive

⁴ Not printed.

passengers and crew. Yet His Majesty's Government are not aware that any protest regarding this destruction of postal correspondence has been made to the German Government.

"Eight. In contrast to this reckless and indiscriminate destruction of neutral property the examination conducted by His Majesty's Government of the mails which are under discussion does not involve innocent mail being either confiscated or destroyed. In accordance with the terms of The Hague Convention mail found in ships which have been diverted to British ports is forwarded to its destination as soon as possible after its innocent nature is established. In no case is genuine correspondence from the United States seized or confiscated by His Majesty's Government.

"Nine. For the above reasons His Majesty's Government find themselves unable to share the views of the United States Government that their action in examining neutral mail in British

or neutral shipping is contrary to their obligations under international law. They are, however, desirous of conducting this examination with as little inconvenience as possible to foreign nations, and you may rest assured that every effort has been and will be made to reduce any delays which may be occasioned by its enforcement. If the United States Government have occasion to bring any specific complaints to the notice of His Majesty's Government concerning delays alleged to be due to the examination of these mails, His Majesty's Government will be happy to examine these complaints in as accommodating and friendly a spirit as possible. While the task of examination is rendered heavy as a result, it is believed that arrangements which have been made to deal with this correspondence will ensure that all genuine correspondence will reach its destination in safety and with reasonable despatch."

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PROTEST TO GREAT BRITAIN ON TREATMENT OF UNITED STATES SHIPPING

[Released to the press January 22]

Following is the text of an *aide-mémoire* handed to the British Ambassador at the Department of State on January 20, 1940:

"This Government feels constrained to express its serious concern at the treatment by the British authorities of American shipping in the Mediterranean area, and particularly at Gibraltar. It has already made clear its position as regards the legality of interference by the British Government with cargoes moving from one neutral country to another, in its Ambassador's Note number 1569 of November 20, 1939. In addition, it now regrets the necessity of being forced to observe not only that British interference, carried out under the theory of contraband control, has worked a wholly unwarrantable delay on American shipping to and

from the Mediterranean area; but also that the effect of such action appears to have been discriminatory.

"Since ample time has elapsed to permit the setting up of an efficient system of control, it would seem that the present situation can no longer be ascribed to the confusion attendant on early organization difficulties.

"From information reaching this Government it appears that American vessels proceeding to neutral ports *en route* to or from ports of the United States have been detained at Gibraltar for periods varying from nine to eighteen days; that cargoes and mail have been removed from such ships; that official mail for American missions in Europe has been greatly delayed; that in some instances American vessels have been ordered to proceed, in violation of American law, to the belligerent port of

Marseilles to unload cargoes, and there to experience further delays. It is further reported that cargoes on Italian vessels receive more favorable consideration than similar or equivalent cargoes carried by American ships, and that Italian vessels are permitted to pass through the control with far less inconvenience and delay.

"There is attached a list of American vessels *en route* to neutral ports detained by the British Contraband Control during the period November 15th to December 15th, from which it will be seen that the average delay imposed has amounted to approximately 12.4 days. From

information in possession of this Government, it is established that Italian vessels detained during the same period were held for an average delay of only 4 days.

"This Government must expect that the British Government will at least take suitable and prompt measures to bring about an immediate correction of this situation. It will appreciate receiving advices that the situation has been corrected.

"Enclosure: List of American vessels, as stated.

"DEPARTMENT OF STATE,
"WASHINGTON, January 20, 1940."

[Enclosure]

AMERICAN VESSELS REPORTED TO THE DEPARTMENT OF STATE TO HAVE BEEN DETAINED BY THE BRITISH BLOCKADE CONTROL IN THE MEDITERRANEAN FOR EXAMINATION OF PAPERS AND CARGO—NOVEMBER 15–DECEMBER 15, 1939.

S. S. <i>Express</i> (November 12–21) 10 days.	American Export Line—general cargo—detained by the British authorities at Malta. Held pending receipt of instructions from the British Government. Had remaining on board 420 tons general cargo for Greece, Turkey, and Rumania. Free to depart November 21 in view of declaration furnished. Departed November 23.
S. S. <i>Nishmaha</i> (November 11–23) 13 days.	Lykes Bros. S. S. Co.—cotton, paraffin, beef casings—detained by the British authorities at Gibraltar. Large number of items of cargo seized. Free to depart after November 17 on captain's undertaking to unload at Barcelona cargo for that port, and to proceed to Marseilles for unloading seized items.
S. S. <i>Examiner</i> (November 17–December 4) 18 days.	American Export Line—general cargo, oil, grease, rubber tires, cotton goods—detained by the British authorities at Gibraltar. 11 bags first class mail removed.
S. S. <i>Excambion</i> (November 20–27) 8 days.	American Export Line—general cargo, oil, films—detained by British authorities at Gibraltar.
S. S. <i>Exmouth</i> (November 22–December 5) 14 days.	American Export Line—general cargo—detained by British authorities at Gibraltar.
S. S. <i>Extavia</i> (November 29–December 14) 16 days.	American Export Line—mixed cargo—detained by the British authorities at Gibraltar. Ship free to depart on giving Black Diamond guarantee in respect to one item of cargo.
S. S. <i>Exochorda</i> (December 5–13) 9 days.	American Export Line—mixed cargo, burlap, tinplate, tobacco, oil—detained by the British authorities at Gibraltar.
S. S. <i>Exmoor</i> (December 7–15) 9 days.	American Export Line—mixed cargo—detained by the British authorities at Gibraltar.
S. S. <i>Explorer</i> (December 9–23) 15 days.	American Export Line—mixed cargo—detained by the British authorities at Gibraltar.

EVACUATION OF AMERICAN CITIZENS FROM SOVIET-OCCUPIED TERRITORY

[Released to the press January 24]

Mr. Angus Ward, chief of the consular section of the American Embassy in Moscow, after 3 weeks in Lwów consulting American citizens who were caught there and arranging for Soviet exit visas for them through the Embassy at Moscow, succeeded in having 30 such American citizens leave by train on January 20, for the frontier station of Sniatyn (U. S. S. R.) and Oraseni (Rumania).

Arrangements for them to enter Rumania without Rumanian visas were made with the Rumanian Government through the good offices of the American Legation at Bucharest.

The American Legation at Bucharest reports that the following American citizens passed the Soviet frontier from Sniatyn to Oraseni on January 21, 1940, and reached Bucharest on the afternoon of January 22:

Mrs. Marion Wolf Bernhard.
Katherine Boggan.
Eleanor Casimira Czaplinska.
Clara Dienst.
Fannie Gnendelman.
Frank Grudzinski.
Joseph Aloysius M. Kmiecik.
Joseph John Kozak.
Sallie Grobel Lipshutz.
Esther Latner.
Theodore Makar.
Vitus Joseph Manicki.
Sarah Moldauer.
Nellie Nowicki and minor son, Edward.
Eugenia Orlan and minor daughter, Alice.
Andrew Paprin.
Wanda Peter.
Weronika Romanowska and minor daughter, Florence.
Jacob Joseph Spanier.
Katherine Swartz.
Boleslaw Joseph Sztuczko.
Bertha Messler Tepper.
Arthur L. Waldo-Stefanski.
Stefania Waldo-Stefanski.

Francis Witowiki.
George Witkowski.
John Yowtz.

The names given above are believed to be the same persons whose names and addresses are given below:

Bernhard, Marion, Pittsburgh, Pa.
Buggan, Katherine, 165 Eighteenth Street, Pittsburgh, Pa.
Czaplinska, Eleanor Casimira, care of Sisters of the Holy Family of Nazareth, Grant and Frankfort Ave., Torresdale, Pa.
Dienst, Clara, New York, N. Y.
Gnendelman, Fannie, 2095 Morris Avenue, Bronx, N. Y.
Grudzinski, Frank, 410 Grove Street, Jersey City, N. J.
Kmiecik, Joseph Aloysius M., 415 North Brookfield St., South Bend, Ind.
Kozak, Joseph John, 242 Virginia Avenue, Shenandoah, Pa.
Lifschutz, Sallie Grabel, 317 East Thirteenth Street, New York, N. Y.
Lotner, Esther, 5802 Foxall Street, Brooklyn, N. Y.
Makar, Theodore, 344 Randolph Street, Youngstown, Ohio.
Masnicki, Vitus Joseph, 250 East Jersey Street, Elizabeth, N. J.
Moldauer, Sarah, 2617 Wabansia Avenue, Chicago, Ill.
Nowicki, Nellie, and minor son, Edward, 2361 Thirty-eighth Street, Astoria, L. I., N. Y.
Orlan, Eugenia, and minor daughter, Alice, 8531 One Hundred and First Street, Richmond Hill, L. I., N. Y.
Paprin, Andrew, Notre Dame, Ind.
Pater, Wanda, Chicago, Ill.
Romanowska, Weronika, and minor daughter, Florence, 3226 West Thomas Street, Chicago, Ill.
Spanier, Jacob Joseph, Notre Dame, Ind.
Swartz, Katherine, 717 Broadway, McKees Rocks, Pa.
Sztuczko, Boleslaw Joseph, 1118 Noble Street, Chicago, Ill.

Tepper, Bertha Messler, 526 North Eighth Street, Richmond, Va.
 Waldo-Stefanski, Arthur L., 1427 North Hayne Avenue, Chicago, Ill.
 Waldo-Stefanski, Stefania, 1427 North Hayne Avenue, Chicago, Ill.
 Witowski, Francis, Notre Dame, Ind.
 Witkowski, George, New York, N. Y.
 Yowitz, John, 2115 Caniff Avenue, Hamtramck, Mich.

♦ ♦ ♦

SWITZERLAND: DEATH OF THE CHIEF OF THE POLITICAL DEPARTMENT

[Released to the press January 23]

The Secretary of State on January 23 instructed the American Minister to Switzerland, Mr. Leland Harrison, to convey to the Swiss Government as from the President and himself the following message:

"We learn with deep sorrow of the death of Giuseppe Motta. Patriot and statesman, for twenty-five years his voice was the voice of Switzerland, and it was the voice of wisdom, moderation, and tolerance. His loss will be felt throughout the world where ideals of freedom and peaceful cooperation between nations prevail."

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LUXEMBURG: BIRTHDAY OF THE GRAND DUCHESS

[Released to the press January 23]

Following is a message sent from the President to the Grand Duchess Charlotte of Luxembourg:

"JANUARY 23, 1940.

"I send Your Royal Highness cordial greetings upon this anniversary of your birth and my sincere wishes for your personal welfare and happiness and the continued peace and prosperity of your country.

FRANKLIN D. ROOSEVELT"

The Near East

EGYPTIAN CENSORSHIP REGULATIONS

[Released to the press January 22]

The Egyptian Foreign Office has informed the Department of State through the American Legation at Cairo that many telegrams destined for Egypt do not fulfill the required conditions laid down by the Censorship Department of the Egyptian Government. It has accordingly suggested, in order to avoid delay in the handling of telegrams sent to Egyptian addresses, that the following list of errors which have been noted be brought to the attention of persons in the United States sending such telegrams:

- (1) The use of a telegraphic or abbreviated address
- (2) The absence or abbreviation of the name of the sender
- (3) The use of figures or telegraphic codes other than in certain limited cases which are specified
- (4) The use of languages other than Arabic, English, or French, the only languages the use of which is at present authorized
- (5) The use of brief and obscure terms as well as allusions made to movements of ships at sea, with mention of the dates.

GREAT LAKES-ST. LAWRENCE WATERWAY PROJECT

A statement by the Secretary of State on the arrival in Washington on January 21, 1940, of the Canadian delegation to continue negotiations for a new treaty providing for development of the Great Lakes-St. Lawrence Waterway Project and a joint statement by the United States and Canadian delegations made at the close of conversations on January 24 appear in this *Bulletin* under the heading "Treaty Information."

Commercial Policy

THE RECIPROCAL TRADE AGREEMENTS OR WHAT?

Address by Assistant Secretary Grady^{*}

[Released to the press January 23]

In formulating a sound commercial policy for this country as well as for any other country two important facts must be taken into account. The first is that there is a close connection between export trade and domestic business activity; the second is that export trade is in the long run largely dependent on imports.

The significance of foreign markets to domestic prosperity may be seen by comparing the figures of industrial production and exports of finished manufactures for the period from 1922 to the present time. It will be found that the years in which there were marked increases in such exports were also for the most part years in which industrial production increased the most; the years in which industrial production declined were years in which such exports also declined, or increased relatively little.

The dependence of exports on imports is an elementary fact of economics. In order to purchase American exports, foreign countries must, of course, be able to obtain dollars for payment. There are a number of ways in which they come into possession of dollars for such use, but a major source of dollar exchange for foreign countries consists in the sale to us of their goods. Measures affecting such sales affect our export trade.

The benefits to be derived from an exchange of imports for exports is fundamentally of the same nature as those derived from trade at home. Trade, whether foreign or domestic, permits certain regions to produce goods which they are best fitted to produce and to exchange

them for other goods which can be produced elsewhere at relatively lower cost. Through trade, real income in terms of consumable goods is increased for all concerned.

In the period following the World War, that is, in the decade of the twenties and on into the first part of the decade of the thirties, we pursued a commercial policy which had little regard for basic principles of international trade. The word "policy" is hardly an appropriate term to use in this connection. "Policy" implies a plan, a set of basic principles, and an objective. We had none of these. Our so-called policy was merely a reflection of the efforts of special-interest groups to gain their particular ends irrespective of cost to the consumer or of the effect on other producers or on our relations with foreign countries.

A major depression of international scope is due in a large part to instability in international price relationships. One of the chief means by which fundamental adjustments in such price relationships may be brought about is the movement between countries of goods. Goods tend to move from one country to another with a relatively high price level, tending to raise prices in the former relative to those in the latter and thus to decrease the price spread between them. The normal adjustments of international price relationships after the war were, however, partly obstructed by the rise of trade barriers. The burden of adjustments fell in a large part therefore on international movements of capital. Our exports of capital helped to stimulate prices abroad relative to our own prices, and thus American goods were attracted by foreign prices and a lively export trade developed. These loans provided the dollar exchange required for continued export sales. In

^{*} Delivered at the banquet of the Texarkana Junior Chamber of Commerce, Texarkana, Tex., and broadcast over Station CST and the Mutual network, January 23, 1940.

these circumstances, it was possible for a time to have our cake and eat it too. The home market was reserved for home products, and at the same time foreign markets for American products were expanded.

The Americans who were investing money abroad were in effect supporting the foreign markets of the American exporters. The amount of interest and dividends and amortization which the foreign debtors had to pay to their American creditors was increasing each year. This meant that in order to maintain a given annual rate of growth in American export trade, the annual export of American capital had to increase at an accelerating rate. A day of reckoning was, of course, at hand. In the meantime, however, a thriving export trade acted as a potent stimulus to domestic business activity. Employment increased and so did wages. There was consequently a great increase in domestic purchasing power. By about 1929, the domestic demand for goods was out-running the capacity of American plants and equipment to produce them. Since, owing to high tariffs, the demand of domestic consumers could not be met in a large measure by imports, it required a further expansion in home plant and capital equipment. This in turn created an intense demand for investment at home. Domestic interest rates rose, and capital which had been moving abroad was kept at home.

The decline in American exports of capital in 1929 left our foreign debtors in a serious predicament. Since they had to meet, by then, heavy financial obligations either by exporting to us gold or turning over funds in their country to the foreign account of Americans instead of by increased borrowing as was formerly the case, money was drawn out of industrial circulation in the debtor countries, and their prices slumped. This meant also a decline of profits in such countries, resulting in losses and bankruptcy and in growing unemployment. Purchasing power in the debtor countries shrank, and, owing to a falling off in our loans to them, their supplies of dollar exchange were curtailed. Their purchases of American products, therefore, greatly declined, resulting in unemploy-

ment and depression in our export industries and finally in our domestic business in general. Thus the tariff-supported business boom of the late 20's in the United States resulted in a business recession in the autumn of 1929 and prepared the way for a major economic depression.

The situation by 1930 should have indicated a need for reconsidering our position regarding foreign economic relations and the formulation of some program in that connection, but Congress, still motivated by pressure from interests seeking further tariff increases at the expense of the general welfare, proceeded with the enactment of excessively high tariff legislation. By the time the crisis occurred in the autumn of 1929, this legislation was already well under way. It is hard to imagine any piece of legislation less thought out, less planned, less purposeful, or more chaotic than the Hawley-Smoot Tariff of 1930. It was launched by a special session of Congress called by President Hoover for June 1929 for the purpose of making limited revisions in the tariff to cure specific ills of agriculture. Logrolling, favoritism, and intrigue resulted, and the special session merged into the following regular session. The outcome was a general upward revision of the tariff. The manufacturing industries received a large share of the free-for-all handouts, leaving the farmers and workers the prospects of increased living costs.

The severity and long duration of the worldwide depression was in part due to the Tariff Act of 1930. At the beginning of 1930, it appeared that the depression would be only of short duration. The export of capital increased, and a considerable rise took place in the stock markets. In the spring, production was declining at a slower pace in most countries. In the United States there was more than a seasonal improvement. Up until the summer of 1930, manufacturing countries other than the United States experienced little depression compared with those producing crude foodstuffs and raw materials. This brief revival of business came to an end just about the time, June 1930, when the Hawley-Smoot Tariff Act came into effect. Not stopping to think or to plan, without a

policy to guide us, we stepped in the wrong direction and plunged downward into the abyss of an economic depression.

After the change in administration in 1933, our foreign trade relations were reviewed in the light of existing circumstances, and a constructive trade program was formulated to facilitate economic recovery on the basis of sound economic principles. It was generally recognized by 1933 that excessive protectionism had been in a large measure responsible for the worldwide economic collapse and that our tariff was in need of downward adjustments.

There were several ways in which these adjustments could have been effected. One was by unilateral tariff revision. This method of approach, however, would have dealt with only one side of the problem. Partly as direct retaliation against our high duties and partly as a result of the depression, high barriers against international trade had been erected also by other countries, and many countries had resorted to measures or systems of trade which favored some countries and discriminated against others. There was a need for a general lowering of trade barriers throughout the world, and the restoration of trade on the basis of equal opportunity to all traders. This was necessary in order that an improvement might be obtained abroad in the market opportunities for our export products and in order that the fullest benefits might be realized as a result of an adjustment in our tariffs.

A multilateral agreement offered a means, of course, for dealing with both aspects of the problem. A conference of representatives of various countries might have been called for the purpose of reaching an agreement in regard to the lowering of tariff barriers and the provision of nondiscriminatory treatment. Owing to the special problems and considerations involved in the trade relations between one country and another, any formula of general application which might have been arrived at by this method of approach would have been exceedingly limited.

The trade program, which was adopted after careful consideration of all possible alterna-

tives, is provided for in the Trade Agreements Act of 1934. It is based on a system of bilateral agreements and the provision therein for the granting of most-favored-nation, that is, non-discriminatory treatment. This system, by making it possible to deal with special problems involved in our relations with individual countries, offers an opportunity for obtaining more important results than could be obtained in a multilateral undertaking, but as the number of agreements increases, their scope assumes a multilateral character.

Our country has prospered under the trade-agreements program. At present, agreements are in effect with 20 countries, covering 60 percent of our foreign trade. In the period from 1934-1935 to 1938-1939 (involving estimates for 1939 on a 10-month basis) our exports increased 40 percent; those to agreement countries increased 50 percent, whereas those to nonagreement countries increased only 28 percent. In 1938-1939, the index of industrial production stood at 95, compared with 84 in 1934-1935. The index of employment in 1938-1939 stood at 93, as compared to 84 in 1934-1935. In the period from 1934-1935 to 1938-1939, agricultural income increased 15.2 percent.

Not only have foreign markets for American products been expanded, but, owing to the increased employment which growing export trade gives to our workers and industries, the domestic market has also become more active. As the result of increased activity in business at home arising in part from larger export sales abroad, it has been possible under the trade-agreements program to effect adjustments in our tariffs without injuring the domestic industries concerned.

In view of the war in Europe, our need for continuing sound commercial policy is greater than ever. Our trade and industry cannot, of course, escape the effects of the war. However, in encouraging and strengthening normal trade relations, trade agreements will tend to minimize the economic dislocations resulting from war conditions. Furthermore, no approach to a satisfactory and permanent peace after the war has ended can be made without regard to

the economic factors which govern relations of countries to each other. Economic relations will have to be adjusted to insure friendly and cooperative relations among all nations. The task of statesmanship will be to endeavor so to guide affairs as to promote the reestablishment of trade on a sound basis and to avoid the mistaken and short-sighted policies which will lead from a possible temporary post-war stimulation into renewed economic depression. Our trade-agreements program should be kept in fullest possible effective operation as an essential aid to this future task of statesmanship.

The question of whether the Trade Agreements Act is to be extended for another 3-year period is now before the Congress. A large part of the opposition to extension arises from interests who have become accustomed to excessive tariff relief. Failing to associate their own welfare with that of the Nation as a whole, they naturally overrate the value of their dole and want an opportunity to get it increased. However, in view of the outstanding national benefits obtained under the Trade Agreements Act and the obviously increased need at this time for trade agreements, our opponents may despair of attempting to kill the program outright. They may seek, however, to gain their end by more subtle measures; namely, by getting the act amended in such a way as to cripple it and to render the program ineffectual.

Among the measures which would obtain this end might be the limitation of changes in import duties to those made in accordance with the cost-of-production formula and the requirement of Senate or congressional approval of trade agreements.

The cost-of-production formula would prohibit the change in any duty below a rate which would measure the difference in cost of production at home and abroad. It has a veiled appearance of fairness and moderation, but if it were possible to follow it with exactness and consistency, it would lead to the most extreme sort of high protectionism. The very existence of trade, whether domestic or foreign, is dependent on differences in cost of production. The fact that we have international trade indi-

cates that our costs are lower than in foreign countries with respect to the commodities which we export and higher with respect to those which we import. In the absence of such differences there would be little trade.

Application of the formula is, furthermore, impracticable. Complete cost data can seldom be obtained. As pointed out by the Senate Committee on Finance in its report on the resolution for the renewal of the Trade Agreements Act of 1937, the time required for cost-of-production investigations would effectively obstruct the conclusion of agreements. Experience has shown, it was stated in the report, that cost-of-production findings "cannot be completed short of months, sometimes a year." "In view of the many investigations that would have to be conducted simultaneously if every proposed change of duty in an agreement were to be predicated upon such an inquiry," the report further stated, "it is obvious not only that the resources of the Government would be swamped but that any possibility of concluding an agreement would be indefinitely delayed."

Whenever available, cost-of-production data are, of course, taken into account in the adjustment of tariff rates under the Trade Agreements Act. Other factors are also considered, such as the size of the imports in relation to domestic production, comparability of the imported and domestic products as to type and quality, seasonal factors, and a great many others.

As to the proposal that trade agreements require Senate or congressional approval, the past experience of this country demonstrates conclusively why the adoption of such a requirement would almost certainly put an end to the trade-agreements program. In the whole history of the United States only three reciprocal tariff treaties requiring Senate ratification have been put into effect. All of these were of a special character and with countries with which we had close political or geographical ties, Canada in 1854, Hawaii in 1875, and Cuba in 1902. Although 10 other reciprocal treaties were negotiated under the general treaty-making powers of the Executive from 1844 to 1902,

not a single one of them became effective. The Tariff Act of 1897 contained specific authorization to the Executive to negotiate reciprocal trade treaties with Senate ratification and congressional approval. Twelve treaties were negotiated under this authorization, but not a single one came to a vote in the Senate.

Trade agreements fall into the category of Executive agreements as distinct from treaties. From the point of view of constitutional law, the validity of Executive agreements entered into under the authority of Congress but not subject to Senate ratification is clearly established by precedent and judicial decision. This Government has from its earliest days entered into hundreds of such agreements covering a broad field of matters such as commercial and consular relations, patent, trademark, and copyright protection, postal conventions, navigation, radio and aviation arrangements, and the settlement of claims. The validity of such

agreements has never been questioned by the courts, but in every case in which such an agreement has come before the courts it has been given full force and effect.

The question of keeping the trade-agreements program alive and in effective operation is a question involving the future welfare of the Nation as a whole and our influence in favor of enduring world peace. The Trade Agreements Act has provided us with a commercial policy based on sound economic principles, with the objective of national prosperity, and with a plan and method for attaining it. The program was devised to help to rescue us from an international situation of economic despair. It has been tested and has been found effective. It is the basis for hope that world economic relations may be restored to a normal and friendly basis. Without it, what would our prospects for the future be?

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THE ROLE OF THE UNITED STATES IN ECONOMIC RECONSTRUCTION

Address by Assistant Secretary Grady *

[Released to the press January 25]

The trade agreements entered into under the authority of the Trade Agreements Act of June 1934, subsequently extended until June of this year, have a twofold objective. One is to clear international trade channels of obstructions, such as excessive tariffs, quotas, exchange control, and various forms of bilateralistic trade restrictions, in order that the normal flow of foreign commerce may be restored and increased. The other is to provide, through assurances of unconditional most-favored-nation treatment, for participation in world commerce on the basis of equal opportunity. We seek these objectives

in commercial agreements with individual foreign countries, but as the number of countries with which we enter into trade agreements increases and as their beneficial effects make themselves felt, the way is made easier for a return to these objectives by other countries generally, in their relations with each other.

This means, for instance, that countries rich in certain economic resources but without great potentialities in other lines will be in a better position to make the most of their advantages and concentrate their activities in the production of materials for which they are best equipped, for sale to the rest of the world in exchange for the products which they need but are not well adapted for manufacturing. It means that industrial countries will be able to develop to a

* Delivered at the Nineteenth Annual Foreign Affairs School, Agassiz House, Cambridge, Mass., January 25, 1940.

fuller extent their economic potentialities and find larger markets for their export surpluses. It means, furthermore, that access of any country to world markets and world supplies of raw materials will depend more upon its ability to compete for them against other countries on a purely economic basis and less on preferences and discriminations which lead to international friction, intrigue, and open conflict.

Adherence to the economic principles on which the trade-agreements program is based will mean that political boundaries will come to present less of an economic problem to nations seeking their livelihood in an international community, and that such boundaries, being less of an obstacle to trade, production, and higher standards of living, will become more stable and secure. Thus peoples living in an area with common traditions and common political and cultural institutions will find it easier to maintain frontiers within which they are free to preserve and express national cultural values.

The economic institutions on which modern standards of living are based are world-wide in scope and function on an international scale. No nation, not even the United States, can find its livelihood entirely within its frontiers. Domestic supplies of essential materials may be conserved by export embargoes and by limiting consumption. Artificial substitutes may be found for some of those which are lacking. Materials which must be obtained abroad may be imported and stored for use in emergencies. But these emergency measures do not wholly eliminate the need for imports, while on the other hand they involve new restrictions against trade, new obstacles in the way of free access to world supplies of raw materials. Thus these restrictions intensify the struggle for control over world markets and raw-material sources and result in further frictions, discriminations, and retaliations and in the increasing aggravation of international relations.

General economic nationalism would mean that nations would normally function on a basis of economic control such as that usually associated with war. Indeed a number of countries were practically doing so even before the out-

break of hostilities last September. Under such controls democracy would necessarily give way to dictatorship, capable of secretive and rapid maneuvering; considerations of social welfare would be subordinated to military considerations; real income, as measured by the output of goods for constructive human uses, would be drastically curtailed; and nations would struggle for a precarious and meager existence.

The tendency toward economic nationalism which failed to be checked in the first post-war decade, experienced its greatest growth in the next decade and contributed heavily to the general collapse of the peace of Europe last September. This lesson must not be forgotten. One of the important issues in the future course of human events will be the question whether or not the nations will agree to seek economic restoration through international economic co-operation. This is in large part a question of international trade policy.

Looking over the pages of post-war history, we can see that American international trade policy had then, as it has now, a bearing of great significance on world developments.

After the World War, new frontiers, disturbed monetary conditions, and expanded productive capacity in certain countries, particularly the United States, created a demand for protective legislation which impeded the growth of international trade necessary to the economic reconstruction. All of Europe, including the great powers, faced the problem of stabilizing currencies. In the United States, many supplies normally received from abroad had been cut off during the War, and this, together with the abnormal demand for other products, had led to great expansion in many lines of industry and agriculture. These could be maintained after the War only by a continuation of large export sales.

But the post-war recovery of agricultural production in Europe, and particularly in France, Germany, and Italy, sharply curtailed American exports and exerted downward pressure on prices here at the same time that the production of foodstuffs in Europe was being fostered by trade barriers and domestic subsidy.

Thus, in nearly every country there were strong tendencies toward increased protection. It was particularly unfortunate that the United States should have been among those following this policy when our increased export capacity and our change to a creditor position postulated the opposite.

Late in the 1920's, the means which had served to maintain a semblance of prosperity in Europe broke down. It came to be generally recognized that in these countries the repayment of American and other foreign loans was being made not out of exports but out of the proceeds of new loans. When the flow of funds from America to Europe stopped, a succession of crises followed, which were met by the adoption of strict exchange regulations and other controls of trade.

At this very time, precisely when in our own interest imports should have been allowed freer access to our markets, the most extreme protective tariff in the history of our country was adopted, the Hawley-Smoot Act of 1930.

Timed as it was, and moving in a direction precisely contrary to that dictated by the plain implications of our international creditor position, the Hawley-Smoot Act was in large measure responsible for the subsequent growth of a formidable array of trade barriers which soon began to paralyze our own export trade and that of other countries.

There can be no doubt whatever, for example, that the Hawley-Smoot tariff was the main reason for the sudden shift by Canada in the direction of extreme protectionism. The Canadian tariff changes of 1930 and 1931 practically wiped out important and profitable parts of our export trade. This change in Canada's policy was also an important factor in bringing about the Ottawa Agreements between the member-countries of the British Empire, in which these countries granted special preferences to each other.

Other countries, finding their export markets curtailed, sought to make the best of the situation by establishing elaborate controls of exports and imports; they sought in this way to restrict imports to amounts comparable with

their reduced exports. As a natural consequence of these measures, bilateral balancing of trade was introduced, imports from a given country being restricted to the value of exports to that country, in order to assure that the cost of the imports could be covered. This tended further to reduce the volume of trade by eliminating multilateral balancing of international accounts.

The European countries most handicapped by the collapse of international lending were Germany, the states of southeastern Europe, and Italy. Limited in the variety of natural resources available within their national frontiers and now impeded by lack of exchange from purchasing the supplies they required, they became "have-not" countries.

There were two different ways out of the dilemma in which the world found itself. The other nations could follow the example of the "have-not" countries and establish a general acceptance of the lower standard of living which this procedure implied; this would mean to restrict foreign trade permanently to the barest essentials and to attempt to produce at home various substitutes for imported products. Or they could attempt to find some way of reducing the trade barriers which had grown up during the post-war years, and thus not only recover depression losses in domestic prosperity, but also achieve further continued progress through a balanced development of domestic production and international trade.

By the inauguration of its trade-agreements program in 1934, the United States assumed a leadership in the direction of restoring normal international trade relations. "Since 1934," according to a recent world economic survey of the League of Nations, "the most important attempt to liberalize trade has been undertaken by the United States of America in the prosecution of its programme of trade agreements." Agreements have been concluded under that program with 20 countries, including the principal trading nations of the world such as the United Kingdom, Canada, France, Belgium, and the Netherlands. They cover about 60 per-

cent of our trade and affect specifically thousands of import and export items.

In all of these agreements, assurances have been included to provide for most-favored-nation treatment, and the policy has been followed of extending the benefits of trade liberalization extended to other countries on a reciprocal basis.

The agreements concluded in November 1938 with Canada and with the United Kingdom, covering also Newfoundland and the British colonies, are especially significant, in that they modify the system of imperial preferences established at Ottawa in 1932. As observed by the Economic Committee of the League of Nations in a recent report, they "gave concrete evidence of the desire of the countries constituting the British Commonwealth of Nations to seek their prosperity in an expansion of world trade as a whole rather than in the grant to each other of exclusive advantages."

In the 5½ years that the trade-agreements program has been in operation, marked progress has been made toward reviving and expanding international commerce and restoring it on a basis of equal opportunity. There is evidence that the principles of the program have exerted a considerable effect on the commercial policies of other countries. But 5½ years have constituted too short a time in which to undo the harm that had been done in the previous period of nearly 15 years by the forces of economic nationalism. Had a sane commercial policy based on the principles of international economic cooperation, instead of the sort represented by the Hawley-Smoot tariff, been adopted by this country in 1930, our opportunity for exerting an influence in the direction of peace would have been manyfold greater. War might have been averted.

The fact, however, that war, the natural outgrowth of economic nationalism, was not averted demonstrates the desperate need in the world for the general adoption of enlightened commercial policies. The fact that we are neutral and intend to remain so increases our responsibility for timely leadership toward this end.

War, of course, means economic dislocation in the neutral countries as well as in the belligerent countries. The exceptional demands of war and the diversion of men from factories to training camps and trenches make it increasingly difficult for the belligerent countries to maintain their hold on foreign markets. Many neutral countries, including those in Latin America, may, to a growing extent, turn to us for supplies previously purchased from sources no longer available to them. Imports by the belligerents of goods for civilian consumption are subject to restriction; those needed for carrying on the war will be increased. Thus those branches of our industry and agriculture producing for export those things needed for war and those things which the belligerents can no longer supply to other countries in the usual quantities are likely to expand somewhat. The development of other branches of our industry and agriculture may be retarded. But these effects are ephemeral; they in turn will yield to need for further readjustment when peace comes. In these circumstances, we should therefore vigorously pursue a trade program designed to encourage to the fullest possible extent the maintenance of normal trade outlets. This will serve to minimize the economic dislocations resulting from war and reduce the scope of economic reconstruction necessary after the war is over.

The problem of post-war economic reconstruction will be difficult enough in any case. The immediate needs of reconstruction and the satisfying of long-deferred wants may for a while obscure the ultimate aftermath effects and divert attention from the need to construct a sound economic basis for lasting peace and prosperity. The task of statesmanship will be to avoid the short-sighted and mistaken policies which lead from post-war stimulation to economic depression. It will be necessary to restore international trade by wise and sound policies. We must keep the trade-agreements program in the fullest possible operation as an essential aid in the future task of statesmanship.

We cannot afford to be indifferent to the nature of the peace which will follow when this

war is concluded. The ultimate solution of our agricultural problems, the sound development of our manufacturing industries, the fuller employment of our workers, and the further improvement in our living standards depend on an enduring and lasting peace. This is the only condition under which international trade, so vital to world prosperity, can be maintained and expanded. We, as a Nation, cannot grow prosperous in a world community stricken with fear and afflicted with poverty. We have a direct interest in the attainment of a peace based on international economic cooperation, for only then will nations become politically secure and be free to take full advantage of their economic potentialities.

The results of the trade-agreements program have demonstrated to all nations the benefits and feasibility of such cooperation. Our role in the economic reconstruction of the world is to continue to provide leadership by maintaining and furthering the basic principles embodied in that program. The responsibility at this time whether or not we shall do so lies before the Congress of the United States now in session. That Congress has before it the question of extending for another 3-year period the Trade Agreements Act. The issue is clear. Shall we, as a great neutral power, continue to uphold the principles of economic cooperation and equality of treatment in international trade relations, or shall we renounce the cause under pressure from special-interest groups.

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THE TRADE-AGREEMENTS PROGRAM

Address by Assistant Secretary Grady⁷

[Released to the press January 26]

It is not only an honor, but a privilege and a pleasure as well, to address a meeting of the League of Women Voters. The high ideals and standards of your organization are known to me not merely by reputation; I have had ample occasion to observe the thoroughness of your methods, your painstaking procedure, and your insistence upon complete objective weighing of all aspects of the issues of public policy which you consider before you reach your conclusions; I know that when your organization reaches a conclusion, it may be relied upon as being well-considered and sound, and deserving of the respect and attention it receives.

It is, therefore, with particular satisfaction that I learned of the decision of the National League of Women Voters to support the continuance of the trade-agreements program at

this important time. But the very reasons which make this action a cause for gratification place me under some difficulty now. Knowing as I do the thorough and extended inquiry, preparation, study, and discussion which have preceded and accompanied the consistent support which the League of Women Voters has given the trade-agreements program, I feel impelled to ask myself, what is there of importance about this subject which you do not already know? What is there that I can tell you about any essential aspect that has not already been thoroughly covered in your own studies and discussion?

But, of course, there is always something new and significant to observe in connection with a living, dynamic program such as this. There is always something to be gained from reviewing its essential principles and objectives in the light of the ever-changing and developing world situation to which it relates.

Since I do not have to present this matter as though it were a new subject to you, I need

⁷Delivered at a luncheon of the New York City League of Women Voters, New York City, and broadcast over Station WOR and the Mutual network, January 26, 1940.

not take time to set before you a rounded account of the many important aspects which would have to be touched upon in any complete and balanced statement. Today's meeting provides an opportunity to concentrate upon those aspects which are of chief immediate interest and significance.

The authority to negotiate trade agreements with foreign countries, conferred upon the President by Congress in 1934 and renewed in 1937, is due to expire next June. The President in his recent message to Congress on the state of the Union recommended that this authority be renewed. A joint resolution to continue this authority for 3 more years, introduced into the House of Representatives by Mr. Doughton, Chairman of the Ways and Means Committee, has since January 11 been the subject of public hearings by that Committee. I can, from my own personal knowledge and experience, testify to the searching and thorough scrutiny to which every aspect of this important matter is being subjected by that Committee. This is as it should be, for the question which is now before Congress is a momentous one.

The Congress has the responsibility of deciding whether this program is to continue, and the decision of the Congress will be reached through its established legislative procedure. This process of legislative reconsideration presents occasion for a formal and thorough presentation to the Congress by the executive agencies concerned of the manner in which the authority to negotiate trade agreements has been exercised and of many important considerations bearing upon the program. This imposes upon us a thorough and comprehensive review of our policies and endeavors, and I should like to present to you very briefly my own general reflections which have resulted from this review.

The strong prevailing reflection of a general character to which this review has given rise is a renewed conviction of the soundness of our objectives, our policies, and our procedure. Our original views and determinations have stood up against the tests of time, experience,

and opposition. I find that on the whole the important issues are on this occasion the same as before; the opposition to this program expresses itself much along the lines of its previous objections, and the previous answers, after further consideration, have been found to be the true and complete answers.

The familiar questions are disposed of as before, but with increased confidence. The constitutionality of the Trade Agreements Act, the nullifying consequences which would result from a requirement that each individual agreement be subjected to Senate ratification or congressional approval, the essentially democratic nature of our procedure with its combination of full and fair hearing of the views of interested persons and an organized system of expert consideration by which to reach, on the basis of a check-and-balance system, decisions that are in line with the national interest, the fallacies of alternative proposals such as the dog-eared but undying proposal to return to an exclusive cost-of-production formula, the unimpeached soundness of the most-favored-nation policy, the evidence that American agriculture and labor receive benefits, not injuries, from the program—all these familiar topics have been reviewed once more in the light of accumulating experience, and the results support our policies as they did before.

Of course there are changes of detail in the passage of time and as the result of the accumulation of experience. With many new commodities having been added to the list of those which have become the subject of trade-agreement concessions, it was only to be expected that complaints of injury to domestic producers should in some cases at least have new commodities for their text. As before, we have continued to experience a concentration of anticipatory objections when new negotiations are announced; some of these continue for a while after each agreement is concluded, but generally recede into silence as the continued, and frequently improved, health of the industry concerned disproves its assertions of impending ruin. A very few come to add new names to

the rather brief list of our old but ever-faithful acquaintances, the objectors whom no amount of factual evidence and disproof can satisfy, since their objections are based upon *a priori* belief or prejudice.

The cumulating experience under agreements which have been negotiated has of course added to the statistical data from which we seek to evaluate in some approximate quantitative fashion the actual results of our efforts. In the face of the great technical difficulties involved in any attempt to segregate the effects upon our trade of the many other factors which influence its course and volume, we have continued to find in a comparison of the rate of change in our trade with agreement and nonagreement countries the most satisfactory available rough-and-ready index of results. The new statistics that become available with the passage of time continue to indicate as a fact what any reasonable person would naturally expect, that the reduction of trade barriers through the exchange of concessions tends to stimulate trade. The most up-to-date comparison between a pre-agreement and the most recent agreement period shows, for our trade with trade-agreement countries, a 60-percent increase in exports and a 22-percent increase in imports, and, for other countries, a 30-percent increase in exports and an 11-percent increase in imports. It is significant, I believe, that our trade with agreement countries has increased about twice as much as that with nonagreement countries.

Opponents have argued that this showing of benefit would disappear if purchases for wartime and preparedness purposes were segregated. A study of our exports of the principal commodities concerned does not support their argument. For the facts, I refer you to an article in the *Commerce Reports* of the Department of Commerce for January 20, 1940.

Opponents have also argued that if trade in commodities affected by trade agreements were segregated from the total trade with trade-agreement countries, the showing of benefit would be less favorable or even doubtful. Despite the great amount of statistical labor in-

involved, we have been doing some sampling to test this argument. I may refer to the results shown in our sales to Canada. Over the 3 years of our first trade agreement with Canada, 1936, 1937, and 1938, in comparison with 1935, Canada's total imports from the United States gained by 38.5 percent; the imports of the products on which Canadian import duties were lowered as a result of the agreement gained by 58.2 percent.

No essential change has been made in our procedure since the Trade Agreements Act was last continued by Congress in 1937. We have sought in every way to improve the efficacy and convenience of this procedure, including our relations with the interested public, and I believe that in the course of time, as industries concerned with their tariff protection learn that the effective way to safeguard their legitimate interests is not through pressure and lobbying but through fair and direct dealing with us through established channels, the opportunities for helpful cooperation in the national interest will be greatly extended.

Because the League of Women Voters rightly recognizes the importance of sound procedure in the administration of public affairs as an essential safeguard for the democratic way of life, I should like to call the attention of those who may be interested in a more detailed account of our procedure to the statement on the subject presented, on January 12, 1940, to the Ways and Means Committee by the Honorable A. Manuel Fox, United States Tariff Commissioner, an outstanding member of the interdepartmental trade-agreements organization.

Reconsideration of these various aspects of the program strongly confirm the wisdom of the policies and procedures we have been following. I say this in no spirit of complacency, for I well recognize the continued need for exercising vigilance and care in carrying out the program.

In contrast with the situation which faced us in 1937, when we still had hopes that the menace of growing international tensions could be averted without the outbreak of a new war in Europe, the present situation has found these

hopes frustrated. This is the essential new element in the present situation. There are some who contend that this controverts the claim that the trade-agreements program exerts an influence in favor of peace. The few who make use of this contention in opposing the continuation of the program are generally to be found among the standing opponents of the program in the first place. Nevertheless, I think the point is of such outstanding and timely importance as to call for some examination of its merits.

You are well acquainted with the essential aim of the trade-agreements program, the restoration and expansion of our foreign trade on a sound economic basis. You recognize the essential validity of the principles on which this program is based, that our country, and every other country, can enjoy sustained prosperity only in a world which is at peace, that a primary requisite to the maintenance of sustained and peaceful prosperity is a solid economic foundation, and that an active and mutually profitable trade among the nations is an indispensable part of such a foundation. But you also know that it is not enough merely to recognize these principles; that economic reconstruction demands more than just plans. Ideas, principles, and plans must eventually find expression in some action if we are to benefit from them.

This fact stands out clearly in looking back on the events of the past two decades which, against our great hopes, have proven to be but an interlude between two major European wars.

The necessity of an expansion of international trade, as an essential part of a sound structure of international relations, was recognized from the beginning of this period. This realization is implicit in the various efforts which were made for international reconstruction.

In the resolutions of the Brussels Financial Conference of 1920, in the Dawes plan, in the Young plan, in the many other labors for the reconstruction and stabilization of currencies, the expectation was implicit that reestablishment of stable currency and exchange arrange-

ments as an aid to international commerce would provide a stable basis for economic reconstruction and progress.

But it soon came to be realized that currency stabilization would not be sufficient; that tariff reductions would also be necessary. Efforts were made to this end: some by negotiations between individual countries, the most important of which was perhaps the negotiation of the Franco-German commercial agreement of 1927. In a more favored situation this agreement might perhaps have initiated a period of tariff moderation. The celebrated world economic conference held in Geneva in 1927, at which the United States was represented, had as its major objective the reduction of trade barriers. Among its results were special conferences which prepared a convention for the abolition of import and export prohibitions, to which the United States was a party, but it was short-lived and of limited application. The tariff truce conferences of 1930 sought unsuccessfully to hold the rising level of tariff barriers in check, pending more successful efforts to bring them down. An effort was made at Ouchy in 1932 to start a general movement for the horizontal reduction of tariff walls. The great French statesman, Briand, was thinking in terms of an European economic union and diligently urged its consideration.

But the short years of opportunity passed without adequate accomplishment. With the onset of world-wide economic depression a period of unrestrained growth of trade restrictions began. On top of our own high protective tariff of 1922 we imposed the excesses of the Hawley-Smoot Act of 1930. The Ottawa conference in 1932 gave birth to an intensified system of preferences within the British Commonwealth of Nations. Germany's economic struggles gave birth, in the new economic plan of 1934, to a rigid system of autarchy and economic regimentation.

These are but three of the major pieces in a vast jigsaw puzzle of trade restrictions and discrimination, exchange controls, clearing and compensation agreements, and numerous other

devices of commercial warfare, all of which make a picture of too intricate design to be immediately comprehended. But the meaning of the picture must now be clear to us all. It is to be read in our daily newspaper headlines. The methods of economic regimentation and conflict and disregard for reciprocal and multi-lateral benefits of international trade lead not to stagnation only: they made an important contribution to the conditions which lead to war.

In 1934 there arose above the confusion and tumult of devices for restraining world trade a note of sanity and cooperation. The United States assumed leadership to bring into practical operation and effect the idea that had been so widely acknowledged in words but not in deeds during the preceding decade. At first it was difficult to persuade many countries that the United States really meant business in the pursuit of its reciprocal-trade-agreements program; in fact, I can remember that it was difficult to impress this on some of our own people at home, and it took some time to make clear that this program could only operate successfully upon the basis of most-favored-nation, or nondiscriminatory, treatment. But the evidence that we were prepared to push the program forward on this basis with vigor and determination lies before you in the form of trade agreements which have been negotiated under the program.

The program, as we know now, came too late. The course of events of the last quarter century, leading from one European war to another, had already been determined in the earlier critical years of this period.

What is the reason for this tragic outcome? The need for restoring international trade on a sound economic basis was recognized throughout these two decades, but it failed to find expression in effective action. The fact that our Nation can enjoy sustained prosperity only in a prosperous and peaceful world, to the achievement of which a prosperous and active international trade is essential, is still true today. The course of events has demonstrated it.

The progress we have made since 1934, against heavy odds, in restoring and expanding international trade on a basis of equal opportunity by means of reciprocal agreements demonstrates conclusively that effective action is possible if there is courage and determination to proceed along sound lines of policy and in the national interest.

The fault lay in the failure to initiate and sustain effective action soon enough, before the critical, decisive years had flown by and the situation had hardened into the lines of its ultimate deterioration.

The reestablishment of peace will usher in a new decisive period, and we may again look to a few critical years in which the statesmanship of the nations of the world will, by its character, determine whether those years are to constitute another interlude between two wars, or whether the world may hope to witness the establishment of a sound and enduring structure of prosperity and peace.

The tasks for this future statesmanship will be many and heavy, but prominent among them will be once more this task of providing for the restoration and expansion of trade among the nations, through which all may share in the development of their varied resources. It is to be hoped that when that time comes our Government will not fail the opportunity to provide aid and leadership through effective instruments of action.

The especially great need at present of continuing the program is pointedly summed up in the concluding paragraph of a leaflet, issued this month by your organization and bearing the title, "Keep the Trade-Agreements Program." It reads as follows:

"In a warring world the Reciprocal Trade Agreements Program should continue to operate in order to promote peaceful economic relations wherever possible. When wars abroad end, the Program should be ready to contribute to the rehabilitation of sane trade relations among all nations as a foundation for enduring peace."

Traffic in Arms, Tin-Plate Scrap, etc.

MONTHLY STATISTICS

[Released to the press January 26]

NOTE: The figures relating to arms, the licenses for the export of which were revoked before they were used, have been subtracted from the figures appearing in the cumulative column of the table below in regard to arms export licenses issued. These latter figures are therefore net figures. They are not yet final and definitive since licenses may be amended or revoked at any time before being used. They are, however, accurate as of the date of this press release.

The statistics of actual exports in these releases are believed to be substantially complete. It is possible, however, that some shipments are not included. If this proves to be the fact, statistics in regard to such shipments will be included in the cumulative figures in later releases.

ARMS EXPORT LICENSES ISSUED

The table printed below indicates the character, value, and countries of destination of the arms, ammunition, and implements of war licensed for export by the Secretary of State during the year 1939 up to and including the month of December:

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Albania.....	IV (1)		\$360.79
Angola.....	I (4)		59.00
	V (1)		6,000.00
	(2)		1,303.00
Total.....			7,362.00
Argentina.....	I (4)	\$74.00	926.00
	(5)		500.00
	III (1)		475,000.00
	(2)		4,992.96
	IV (1)	40.00	2,978.95
	(2)		12,134.00
	V (1)	23.00	156,750.00
	(2)		130,378.50
	(3)	830.00	340,352.00
	VI (1)		6,310.00
	VII (2)		39,266.22
Total.....		967.00	1,169,588.63
Australia.....	I (1)	1,812.55	5,976.36
	(4)	1,803.90	6,006.42
	III (1)	7,067,375.00	10,781,175.00
	(2)	9,000.00	13,500.00
	IV (1)		1,131.44
	(2)		615.94

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Australia—Continued.	V (1)		\$24,296.00
	(2)	\$22,293.18	234,613.68
	(3)	163,068.00	402,120.00
Total.....		7,265,352.63	11,469,934.84
Bahamas.....	IV (2)		12.25
	V (2)		40.00
Total.....		12.25	52.25
Barbados.....	I (4)		2.00
	IV (1)		111.38
	(2)		87.00
	V (1)		1,610.00
	(2)		30.00
Total.....			1,840.38
Belgian Congo.....	V (1)		1,249.00
	(2)		30.00
Total.....			1,279.00
Belgium.....	I (1)		655.21
	(2)		55,096.65
	(4)		966.64
	IV (1)		97.48
	(2)		20.28
	V (2)		5,250.00
	(3)		86,400.00
Total.....			149,086.26
Bermuda.....	I (1)	48.00	48.00
	IV (1)		69.13
	(2)		17.45
	V (3)		12,600.00
Total.....		48.00	12,734.58
Bolivia.....	I (1)		574.00
	(4)		1,032.00
	IV (1)		487.39
	(2)	23.00	651.80
	V (1)	13,500.00	22,600.00
	(2)	977.09	9,949.29
	(3)		65,200.00
	VII (1)		988.66
Total.....		14,500.09	101,503.14
Brazil.....	I (1)		202.00
	(2)		87,838.00
	(4)	2,802.00	8,842.00
	III (1)		447,880.00
	IV (1)	699.00	7,814.55
	(2)	2,601.00	27,817.00
	V (1)	28,000.00	686,924.00
	(2)	12,845.00	203,725.23
	(3)	18,938.75	194,331.75
	VII (2)	2.00	2.00
Total.....		65,887.75	1,665,376.53
British Guiana.....	I (4)		20.00
	IV (1)		191.38
	(2)		26.35
	V (2)		500.00
	(3)		7,000.00
	VII (2)		4,200.00
Total.....			11,937.73

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
British Honduras	IV (1)		\$144.20
	(2)		93.00
	VII (2)		193.80
Total			431.00
British North Borneo	I (1)		28.43
	(2)		28.00
	V (2)		50.00
	(3)		700.00
Total			804.43
British Solomon Islands	I (2)		175.00
	(4)		10.00
Total			185.00
Bulgaria	IV (1)		23.00
	(2)		2.30
Total			25.30
Burma	I (1)	\$89.80	611.90
	(4)	96.37	295.37
	IV (1)		1,520.35
	(2)	35.93	164.39
Total		222.10	2,592.01
Canada	I (1)	1,801.48	32,045.72
	(2)		592.00
	(4)	3,377.91	22,616.93
	(5)		51,550.00
	III (1)	2,675,900.00	3,711,800.00
	(2)		247,669.86
	IV (1)	170.40	12,825.82
	(2)	522.68	1,719.46
	V (1)	67,980.10	930,016.28
	(2)	8,226.68	82,374.20
	(3)	142,464.24	436,894.16
	VI (2)		17,100.00
	VII (1)	19.25	64,079.21
	(2)	9,020.00	390,114.86
Total		2,909,482.74	6,001,398.50
Ceylon	IV (1)		86.88
Chile	I (1)		60.00
	(4)	48.00	75.00
	IV (1)		14,990.40
	(2)	273.00	1,026.00
	V (1)		15,500.00
	(3)	17,229.12	17,229.12
	VII (2)		61,055.00
Total		17,550.12	109,935.52
China	I (1)		1,344.00
	(2)		359,257.95
	(3)		2,340.00
	(4)		33,338.00
	III (1)		2,310,987.03
	(2)		519.47
	IV (1)		1,886.00
	(2)	5,600.00	9,995.55
	V (1)		259,907.00
	(2)		371,234.67
	(3)		1,274,358.00
	VII (1)		139,000.00
	(2)		298,449.88
Total		5,600.00	5,062,617.55
Colombia	I (1)		179.70
	(4)		190.56
	IV (1)	159.00	4,560.15
	(2)	129.00	4,079.10
	V (1)	40,500.00	532,660.00
	(2)	25.00	31,015.50
	(3)		126,050.00
	VII (1)		3,977.15
	(2)		2,205.00
Total		40,813.00	704,917.16

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Costa Rica	I (4)		\$13.00
	IV (1)		2,606.65
	(2)		498.00
	V (1)		19,000.00
	(2)		6,279.54
	(3)		35,382.35
	VII (1)	\$227.24	1,622.34
	(2)		1,634.93
Total		227.24	67,036.81
Cuba	I (1)		57.00
	(4)		50,749.60
	III (1)	43,350.00	101,150.00
	IV (1)		7,246.19
	(2)		16,548.00
	V (2)	1,900.00	6,791.30
	(3)		10,000.00
	VII (1)	2,073.20	7,800.06
	(2)		11.00
Total		47,323.20	200,353.15
Curaçao	I (4)		25.10
	IV (1)		39.00
	(2)		49.14
	V (1)	1,500.00	1,500.00
	(2)		427.00
	(3)	1,850.00	64,326.00
Total		3,350.00	66,366.24
Czechoslovakia	V (3)		12,800.00
Denmark	I (3)		2,750.00
	(4)		340.00
	V (1)		11,130.52
	(2)		876.00
	(3)		5,275.00
Total			20,371.52
Dominican Republic	I (1)		85.00
	(2)		100.75
	(4)		73.00
	IV (1)		4,095.00
	(2)		264.00
	V (2)	350.00	8,100.00
	(3)		11,100.00
	VII (1)		2,045.60
	(2)		1.00
Total		350.00	25,864.35
Ecuador	I (4)	25.00	159.00
	(5)		128.00
	IV (1)	68.00	135.00
	(2)	716.00	1,888.00
	V (2)		30.00
Total		809.00	2,340.00
Egypt	I (1)		30.00
	(4)		3,080.00
	(5)		518.00
	IV (1)	3,537.00	3,837.84
	(2)	237.00	242.30
Total		3,774.00	7,708.14
El Salvador	I (2)		38,375.00
	(4)	122.00	458.00
	IV (1)		4,205.58
	(2)		3,465.00
	V (2)		1,504.00
	(3)		850.00
	VII (2)		4,355.00
Total		122.00	53,212.58
Federated Malay States	I (4)		14.00
	IV (1)		59.08
	(2)		15.10
Total			88.18

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Finland.....	I (1)		\$10,655.55
	(2)	\$191,840.00	191,840.00
	(4)		7,423.04
	III (1)	2,437,776.00	2,437,776.00
	IV (1)		80.00
	(2)		95.67
	V (1)		16,400.00
	(2)	525,000.00	667,600.00
	(3)		1,155,130.00
Total.....		3,154,616.00	4,487,000.26
France.....	I (1)		151.94
	(2)	6,642.00	6,992.00
	(4)	1,065,000.00	1,065,394.50
	III (1)	13,984,000.00	85,519,210.00
	(2)		42,748.70
	IV (2)		118.00
	V (1)		467,462.00
	(2)		7,057,827.48
	(3)		27,955,963.00
	VI (1)		4,400.00
Total.....		15,055,642.00	122,120,267.62
French Cameroun.....	I (1)		32.50
	(4)		5.92
Total.....			38.42
French Equatorial Africa.....	I (1)		34.00
	(4)		30.00
Total.....			64.00
French Indochina.....	I (1)		67.50
	(4)		78.31
	IV (1)		4,131.00
	(2)		1,154.76
Total.....			5,431.57
French West Africa.....	I (4)	33.83	67.66
	V (2)		90.00
Total.....		33.83	157.66
Germany.....	I (1)		69.05
	(4)		653.46
	IV (1)		1,134.62
	(2)		287.42
	V (2)		12,800.00
Total.....			14,944.55
Great Britain.....	I (1)		428.85
	(2)		1,090.00
	(3)	59,884.00	90,984.00
	(4)		29,649.37
	III (1)		17,225,850.00
	(2)		14,040.00
	IV (1)		937.78
	(2)		438.55
	V (1)		431,134.25
	(2)	6,956.00	1,475,458.42
	(3)		1,668,168.50
	VII (2)		52,978.00
Total.....		66,840.00	20,991,067.72
Greece.....	I (5)		124,400.00
	V (2)		3,500.00
	(3)		2,200.00
Total.....			130,100.00
Guatemala.....	I (1)	32.00	468.00
	(4)	12.00	1,972.00
	IV (1)		200.15
	(2)		84.00
	V (2)	2,500.00	2,585.00
	(3)		7,565.00
	VII (1)		93.00
	(2)		9,227.50
Total.....		2,544.00	22,194.65

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Haiti.....	I (1)		\$11,687.50
	(4)		36,652.50
	IV (1)		2,391.95
	(2)		717.98
	VII (1)		61.52
	(2)		338.50
Total.....			51,849.95
Honduras.....	I (1)		159.00
	(4)		4,972.38
	IV (1)		814.00
	(2)	\$186.90	4,543.50
	V (1)		250,000.00
	(2)	18,500.00	18,551.00
	(3)	14,000.00	19,000.00
	VII (2)	260.00	1,235.00
Total.....		32,946.90	299,274.88
Hong Kong.....	I (1)		1,209.85
	(4)		1,515.70
	IV (1)		22,279.32
	(2)		3,652.06
	V (2)		40.00
	VII (2)		1,011.50
Total.....			29,708.43
Iceland.....	I (1)		43.40
	(4)		69.00
	V (3)		3,670.00
Total.....			3,782.40
India.....	I (1)		2,303.73
	(4)	438.98	8,990.82
	IV (1)	1,437.53	3,179.86
	(2)	39.00	538.67
	V (1)	438.03	85,100.00
	(2)		3,248.00
	(3)		2,500.00
	VI (2)		334.00
Total.....		2,546.54	106,215.08
Iraq.....	III (1)	840,750.00	849,750.00
	IV (1)		1,028.27
	(2)		188.10
	V (1)		40,000.00
	(2)		100.00
Total.....		840,750.00	891,066.37
Ireland.....	I (3)		26,500.00
	(4)		19.34
	V (1)		210,000.00
	(2)		4,379.00
	(3)		29,266.00
Total.....			270,164.34
Italy.....	V (2)		18,810.00
	(3)		13,900.00
Total.....			32,710.00
Jamaica.....	I (4)		62.44
	IV (1)	415.00	3,095.97
	(2)		450.67
Total.....		415.00	3,609.08
Japan.....	V (1)		757,000.00
	(2)		4,684.60
Total.....			761,684.60
Kenya.....	I (1)		1,057.80
	(4)		395.35
	IV (1)		173.29
	(2)		124.36
	V (1)		2,300.00
Total.....			4,050.71
Latvia.....	V (3)	19,080.00	19,080.00

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Leeward Islands.....	VII (2)		\$494.00
Liberia.....	I (2)		4,000.00
	(4)		11.01
Total.....			4,011.01
Macau.....	I (1)		567.75
	(2)		800.00
	(4)		97.00
	IV (1)		1,312.00
	(2)		2,592.00
Total.....			5,368.75
Mauritius.....	I (1)	\$251.45	347.88
	(4)	200.28	286.94
Total.....		451.73	634.82
Mexico.....	I (1)		785.84
	(3)		304,000.00
	(4)		36,858.00
	III (1)		995,600.00
	IV (1)		36,435.51
	(2)		16,492.00
	V (1)	40,000.00	726,563.00
	(2)	400.00	323,137.05
	(3)	1,000.00	897,730.00
	VII (1)	8,382.00	20,420.75
	(2)		51,716.21
Total.....		49,782.00	3,409,738.36
Mozambique.....	I (1)		88.40
	(4)		184.76
	V (2)		1,000.00
	(3)		20,610.00
Total.....			21,883.16
Netherlands.....	I (2)	13,711.00	13,728.50
	III (1)		1,071,540.00
	(2)		26,461.80
	IV (1)		48.00
	V (1)		2,494,003.00
	(2)	1,920.00	552,833.69
	(3)		1,539,189.50
	VII (2)		40,051.48
Total.....		15,631.00	5,737,852.97
Netherlands Indies.....	I (1)		448.17
	(2)		47,685.00
	(4)	414.03	1,569.94
	(5)	17,875.00	281,875.00
	III (1)		1,071,862.00
	(2)		21,145.60
	IV (1)		39,889.30
	(2)	302.35	860.21
	V (1)		142,478.00
	(2)	216.75	302,690.46
	(3)		324,442.00
	VII (1)		10.00
	(2)		176,000.00
Total.....		18,808.13	2,410,955.68
New Caledonia.....	I (1)		928.75
	(4)		1,067.81
	V (3)		14,000.00
Total.....			15,996.56
Newfoundland.....	I (1)		609.62
	(4)		536.71
	IV (2)		166.53
	V (2)		3,000.00
	(3)		14,500.00
Total.....			18,812.86
New Guinea, Territory of.....	I (1)		17.00
	(4)		67.66
	IV (2)		54.00

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
New Guinea, Territory of—Continued.....	V (2)		\$29,559.00
	(3)		101,500.00
Total.....			131,197.56
New Hebrides.....	I (4)		116.10
New Zealand.....	I (1)		353.66
	(4)		401.88
	IV (2)		82.68
	V (2)	\$180.15	11,911.40
	(3)		19,300.00
	VII (1)		6,000.00
	(2)		4,104.07
Total.....		180.15	42,153.69
Nicaragua.....	I (2)		1,600.00
	(4)	1,264.00	2,609.00
	III (1)		20,906.00
	IV (1)		427.00
	(2)	4,035.00	6,094.70
	V (2)		52.50
	VII (2)		885.00
Total.....		5,299.00	32,574.20
Nigeria.....	I (4)		41.00
Northern Ireland.....	IV (1)		48.00
	(2)		3.57
	VII (1)		5.76
Total.....			57.33
Norway.....	I (1)		439.22
	(2)		4,489.00
	(4)	15.20	572.34
	III (1)		644,000.00
	IV (1)		56.00
	(2)	16.00	21.03
	V (2)		4,540.87
	(3)		19,300.00
	VII (2)		5,825.00
Total.....		31.20	679,243.46
Palestine.....	V (1)		3,052.00
	(2)		60.00
	(3)		450.00
Total.....			3,562.00
Panama.....	I (4)	2,100.00	2,100.00
	IV (1)		541.88
	(2)		465.00
	V (1)		5,541.13
	(2)		800.00
	(3)		2,754.39
	VII (1)	729.60	4,432.80
	(2)		800.00
Total.....		2,829.60	17,435.20
Paraguay.....	IV (1)		8.00
	(2)		820.00
Total.....			828.00
Peru.....	I (1)		45.00
	(2)		26,500.00
	(4)		955.36
	II (1)		16,000.00
	III (2)		256,260.00
	(1)		10,038.00
	IV (1)		245.00
	(2)		412.00
	V (1)	2,700.00	39,800.00
	(2)		50,727.49
	(3)		38,502.52
	VII (1)		294.40
	(2)		38,308.00
Total.....		2,700.00	473,087.77

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Pitcairn Island.....	I (4)		\$7. 47
Poland.....	I (1)		118. 70
	(4)		44. 48
	IV (1)		1,056. 55
	(2)		111. 39
	V (1)		420,000. 00
	(2)		50. 00
Total.....			421,381. 12
Portugal.....	I (4)		10. 00
	III (1)	\$885,000. 00	885,000. 00
	IV (1)		317. 00
	(2)		100. 00
	V (1)		8,097. 00
	(2)	33. 00	9,238. 00
	(3)		475. 00
	VII (1)		528. 00
Total.....		885,033. 00	903,765. 00
Rumania.....	I (5)		1,265,000. 00
	V (2)		3,950. 00
	(3)		26,100. 00
Total.....			1,295,050. 00
Southern Rhodesia.....	I (1)		609. 92
	(4)		403. 86
	IV (1)		201. 75
	(2)	60. 52	60. 52
	V (1)		1,900. 00
Total.....		60. 52	3,176. 05
Straits Settlements.....	I (1)		39. 00
	(4)		116. 37
	IV (1)		229. 50
	(2)		34. 76
Total.....			419. 63
Surinam.....	VII (1)	193. 80	193. 80
Sweden.....	I (1)		71. 25
	(4)		1,248. 74
	III (1)	4,314,750. 00	5,217,000. 00
	V (1)		188,035. 50
	(2)	263,622. 95	456,836. 07
	(3)		32,215. 00
Total.....		4,578,372. 95	5,895,406. 56
Switzerland.....	I (1)		62. 90
	IV (1)	553. 00	1,169. 75
	V (1)		237,967. 50
	(2)		22,810. 84
	(3)		20,200. 00
	VII (2)	150. 00	150. 00
Total.....		703. 00	282,360. 99
Syria.....	IV (2)		19. 00
Thailand.....	I (1)	17. 65	41. 23
	(4)	1. 93	14. 11
	IV (1)	1,523. 00	30,503. 26
	(2)		378. 25
	V (1)		5,500. 00
	(2)		32,347. 61
	(3)		386,960. 00
Total.....		1,542. 58	455,744. 46
Trinidad.....	I (4)		1. 08
	IV (1)		82. 50
	(2)		55. 00
	V (2)	2,800. 00	3,855. 50
	(3)		10,000. 00
Total.....		2,800. 00	13,994. 08
Turkey.....	I (2)		223,505. 00
	(5)		170,450. 00

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Turkey—Continued.....	III (1)		\$1,653,749. 00
	(2)		55,501. 94
	IV (1)		15,672. 34
	(2)		1,205. 25
	V (2)		930,770. 50
	(3)		116,025. 00
	VI (1)		8,100. 00
Total.....			3,174,979. 03
Turks and Caicos Islands.....	IV (1)		18. 70
	(2)		. 80
Total.....			19. 50
Union of South Africa.....	I (1)	\$7. 18	1,149. 27
	(4)		1,690. 03
	IV (1)		3,029. 46
	(2)		352. 29
	V (1)	1,800. 00	65,113. 00
	(2)		12,303. 86
	(3)		3,765. 00
	VII (2)		11,760. 00
Total.....		1,807. 18	99,162. 91
Union of Soviet Socialist Republics.....	V (1)		702,900. 00
	(2)		70,614. 23
	(3)	107,500. 00	404,548. 00
Total.....		107,500. 00	1,178,062. 23
Uruguay.....	I (4)		52. 00
	IV (1)		1,955. 00
	(2)	243. 00	243. 00
Total.....		243. 00	2,250. 00
Venezuela.....	I (1)		40. 00
	(2)		165. 00
	(4)	3. 00	101. 00
	IV (1)		20,576. 34
	(2)		1,278. 15
	V (1)		277,570. 00
	(2)	11,452. 32	31,974. 58
	(3)	12,000. 00	165,353. 50
	VII (1)	4,044. 99	11,340. 79
	(2)		13,650. 00
Total.....		27,500. 31	522,049. 36
Yugoslavia.....	V (1)		63,000. 00
	(2)		62,042. 00
	(3)		2,000. 00
Total.....			127,042. 00
Grand total.....		35,262,313. 54	204,555,780. 41

During the month of December, 301 arms export licenses were issued, making a total of 4,327 such licenses issued during the current year.

ARMS EXPORTED

The table printed below indicates the character, value, and countries of destination of the arms, ammunition, and implements of war exported during the year 1939 up to and including the month of December under export licenses issued by the Secretary of State:

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Albania.....	IV (1)		\$360.79
Angola.....	I (4)		59.00
	V (1)		7,427.00
	(2)		1,243.00
Total.....			8,729.00
Argentina.....	I (4)	\$254.00	922.00
	(5)		840.00
	III (1)		951,166.00
	(2)		4,992.68
	IV (1)		2,938.95
	(2)	4,677.00	11,703.00
	V (1)		155,276.00
	(2)	21,238.00	143,573.20
	(3)	79,200.00	89,952.00
	VI (1)		6,310.00
	VII (2)	1,828.00	28,275.00
Total.....		107,197.00	1,395,948.83
Australia.....	I (1)	1,428.30	5,439.24
	(4)	1,713.54	6,267.30
	III (1)	1,578,365.00	1,578,365.00
	IV (1)		1,131.44
	(2)		497.39
	V (1)		17,296.00
	(2)	53,377.00	210,621.95
	(3)	49,956.00	53,406.00
Total.....		1,684,839.84	1,873,024.32
Bahamas.....	V (2)		40.00
Barbados.....	I (4)		2.00
	IV (1)		111.38
	(2)		87.00
	V (1)		1,610.00
	(2)		30.00
Total.....			1,840.38
Belgian Congo.....	V (1)		1,249.00
	(2)		30.00
Total.....			1,279.00
Belgium.....	I (1)		655.21
	(2)		55,769.00
	(4)		938.35
	IV (1)		111.62
	(2)		35.11
	V (1)		114,800.00
	(2)		5,518.00
	(3)		86,400.00
Total.....			264,227.29
Bermuda.....	IV (1)		69.13
	(2)		17.45
	V (3)	3,000.00	12,900.00
Total.....		3,000.00	12,686.58
Bolivia.....	I (1)		574.00
	(2)		7,000.00
	(4)		1,478.00
	IV (1)		487.39
	(2)	101.00	651.80
	V (1)		9,100.00
	(2)		8,936.20
	(3)		52,800.00
	VII (1)		994.16
Total.....		101.00	82,021.55
Brazil.....	I (1)		202.00
	(2)	2,400.00	88,438.00
	(4)	2,056.00	7,051.00
	III (1)		668,240.00
	IV (1)	3,601.00	12,363.46
	(2)	2,268.00	33,336.00

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Brazil—Continued.....	V (1)	\$104,085.00	\$712,927.00
	(2)	26,417.00	142,942.47
	(3)	1,000.00	163,686.00
Total.....		141,827.00	1,829,185.93
British Guiana.....	I (4)		20.00
	IV (1)		108.38
	V (2)	250.00	500.00
	(3)	2,500.00	7,000.00
	VII (2)		4,200.00
Total.....		2,750.00	11,828.38
British Honduras.....	IV (1)		129.20
	(2)		75.00
	VII (2)		302.60
Total.....			506.80
British North Borneo.....	I (1)		26.43
	(2)		28.00
	V (3)		750.00
Total.....			804.43
British Solomon Islands.....	I (2)		175.00
	(4)		10.00
Total.....			185.00
Bulgaria.....	IV (1)		23.00
	(2)		2.30
Total.....			25.30
Burma.....	I (1)		567.10
	(4)		203.00
	IV (1)		1,520.35
	(2)		128.46
Total.....			2,418.91
Canada.....	I (1)	4,603.78	28,892.46
	(2)		592.00
	(4)	4,165.93	21,296.07
	(5)	50,960.00	51,550.00
	III (1)	268,273.00	1,304,293.00
	IV (1)	2,214.65	10,596.59
	(2)	445.34	1,510.87
	V (1)		882,550.14
	(2)	10,017.61	82,635.45
	(3)	103,957.00	217,790.04
	VI (2)	17,100.00	17,100.00
	VII (1)	502.50	91,177.87
	(2)	30,901.00	260,846.49
Total.....		493,130.81	2,970,800.98
Ceylon.....	IV (1)		86.88
Chile.....	I (1)		60.00
	(4)		116.00
	IV (1)		13,577.45
	(2)		730.00
	V (1)		4,600.00
	(2)		35.00
	VII (2)		55,111.00
Total.....			74,229.45
China.....	I (2)		135,408.00
	(3)		1,490.00
	(4)		8,735.00
	III (1)		26,042.00
	(2)		504.46
	IV (1)		1,760.00
	(2)	2,000.00	4,362.05
	V (1)		961,461.00
	(2)	75,093.00	238,604.22
	(3)		196,908.00
	VII (1)	139,000.00	139,000.00
	(2)	298,400.00	298,449.88
Total.....		514,502.00	2,012,724.61

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Colombia.....	I (1)		\$281.70
	(4)		211.56
	IV (1)	\$165.00	4,523.65
	(2)	712.00	4,602.10
	V (1)	47,500.00	353,936.00
	(2)	21.00	41,758.50
	(3)	4,009.00	141,304.00
	VII (1)		3,977.49
	(2)	1,365.00	2,205.00
Total.....		53,772.00	552,800.00
Costa Rica.....	I (4)		13.00
	IV (1)		2,606.65
	(2)		498.00
	V (1)		41,580.00
	(2)		5,430.00
	(3)	1,525.00	41,500.00
	VII (1)		728.00
	(2)		1,605.93
Total.....		1,525.00	93,961.58
Cuba.....	I (1)		57.00
	(4)	39.00	50,686.00
	III (1)		57,795.00
	IV (1)	390.00	7,392.35
	(2)	2,109.00	14,177.00
	V (2)		2,300.00
	(3)		1,000.00
	VII (1)	2,280.52	5,649.34
	(2)		11.00
Total.....		4,818.52	139,067.69
Curaçao.....	I (4)		25.10
	IV (2)		49.14
	V (2)		427.00
	(3)	21,200.00	30,426.00
Total.....		21,200.00	30,927.24
Czechoslovakia.....	V (1)		115,500.00
	(3)		12,800.00
Total.....			128,300.00
Denmark.....	I (2)		2,750.00
	(4)		340.00
	V (1)		11,211.48
	(2)		3,266.00
	(3)		5,500.00
Total.....			23,067.48
Dominican Republic.....	I (1)		85.00
	(2)		100.75
	(4)		19,573.00
	IV (1)		4,000.00
	(2)		264.00
	V (2)	350.00	8,100.00
	(3)		11,100.00
	VII (1)		2,045.60
Total.....		350.00	45,268.35
Ecuador.....	I (4)	42.00	134.00
	(5)		128.00
	IV (1)		34.00
	(2)	1,128.00	1,373.00
	V (2)		26.00
Total.....		1,170.00	1,695.00
Egypt.....	I (1)		30.00
	(4)		3,080.00
	(5)		518.00
	IV (1)	18.00	210.39
	(2)		6.40
	V (1)		1,600.00
Total.....		18.00	5,444.79
El Salvador.....	I (2)	38,375.00	38,375.00
	(4)	79.00	250.00
	IV (1)		4,324.63
	(2)		3,421.00

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
El Salvador—Continued.	V (2)		\$1,504.00
	(3)		850.00
	VII (2)		4,364.00
Total.....		\$38,454.00	53,097.63
Estonia.....	V (2)		44,180.00
	VII (1)		2.07
Total.....			44,182.07
Federated Malay States.....	I (4)		14.00
	IV (1)		59.08
	(2)		66.10
Total.....			139.18
Finland.....	I (1)		8,517.05
	(4)		7,041.95
	IV (1)		80.00
	(2)		95.67
	V (1)		14,550.00
	(2)	22,000.00	101,075.00
	(3)	51,919.00	216,089.00
Total.....		73,919.00	347,448.67
France.....	I (1)		151.94
	(2)		464.00
	(4)		399.00
	III (1)	14,479,451.00	30,424,096.00
	(2)	520.00	1,700.00
	IV (2)		118.00
	V (1)		470,562.00
	(2)	1,010,928.00	1,830,915.14
	(3)	2,366,382.00	5,281,317.00
	VI (1)		2,200.00
Total.....		17,857,281.00	38,020,923.08
French Cameroun.....	I (1)		32.60
	(4)		5.92
Total.....			38.42
French Equatorial Africa.....	I (1)		34.00
	(4)		32.00
Total.....			66.00
French Indochina.....	I (1)		67.60
	(4)		78.31
	IV (1)		4,131.00
	(2)		1,159.26
Total.....			5,436.07
French West Africa.....	I (4)		33.63
	V (2)		95.00
Total.....			128.63
Germany.....	I (1)		123.70
	(4)		793.70
	IV (1)		1,160.12
	(2)		287.42
	V (2)		13,300.00
	(3)		7,000.00
Total.....			22,664.94
Great Britain.....	I (1)		428.85
	(2)		1,000.00
	(3)		34,585.00
	(4)		62,617.32
	III (1)	3,915,500.00	28,680,093.00
	(2)	7,045.00	14,245.00
	IV (1)		965.28
	(2)		451.55
	V (1)		402,464.00
	(2)	115,641.00	1,033,220.08
	(3)	146,191.00	838,467.50
	VII (2)		277,843.00
Total.....		4,184,377.00	31,436,389.58

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Greece	I (5)		\$34,028.00
	V (2)		3,500.00
	(3)		2,200.00
Total			39,728.00
Guatemala	I (1)		436.00
	(4)		1,960.00
	IV (1)	\$30.60	200.15
	(2)		84.00
	V (2)		192.00
	(3)		7,665.00
	VII (1)		93.00
	(2)		9,489.00
Total		30.60	20,019.15
Haiti	I (1)		11,688.00
	(4)		36,652.50
	IV (1)		2,380.75
	(2)	.87	728.98
	VII (1)		30.76
	(2)		334.54
Total		.87	51,815.53
Honduras	I (1)		159.00
	(4)	3,800.00	4,972.38
	IV (1)	373.00	814.00
	(2)	186.90	4,543.50
	V (1)		150,000.00
	(2)		51.00
	(3)		5,000.00
	VII (2)		959.00
Total		4,359.90	166,498.88
Hong Kong	I (1)	31.25	849.65
	(4)		654.68
	IV (1)		22,608.78
	(2)		3,215.92
	V (2)		40.00
	VII (2)		1,037.86
Total		31.25	28,406.89
Iceland	I (1)		43.40
	(4)	64.00	69.00
	V (3)		3,670.00
Total		64.00	3,782.40
India	I (1)		2,028.60
	(4)		6,684.29
	IV (1)		3,140.86
	(2)		59.64
	V (1)	64,502.75	81,282.75
	(2)	877.00	3,282.00
	(3)		2,500.00
	VI (2)		334.00
Total		65,379.75	99,310.14
Iraq	IV (1)		975.08
	(2)		162.85
	V (1)		40,000.00
	(2)		100.00
Total			41,237.93
Ireland	I (3)		26,500.00
	(4)	19.34	4,977.34
	V (1)		210,000.00
	(2)		4,300.00
	(3)		29,298.00
Total		19.34	275,075.34
Italy	V (2)	10,962.00	37,702.00
	(3)		13,900.00
Total		10,962.00	51,602.00

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Jamaica	I (4)		\$62.44
	IV (1)	\$192.00	2,896.97
	(2)		453.67
Total		192.00	3,413.08
Japan	IV (1)		6,380.00
	V (1)		757,000.00
	(2)		235,210.00
Total			998,590.00
Kenya	I (1)		1,057.80
	(4)		395.35
	IV (1)		173.20
	(2)		124.36
	V (1)		2,300.00
Total			4,050.71
Leeward Islands	VII (2)		864.00
Liberia	I (1)		30.80
	(2)		2,000.00
	(4)		18.83
Total			2,049.63
Macau	I (1)		567.75
	(2)		3,576.00
	(4)		613.00
	IV (2)		1,276.00
Total			6,032.75
Mauritius	I (1)		312.43
	(4)		123.66
Total			436.09
Mexico	I (1)		792.34
	(2)		175.00
	(3)		76,000.00
	(4)		9,330.00
	III (1)		995,600.00
	IV (1)		18,528.89
	(2)		16,660.00
	V (1)	79,700.00	624,850.00
	(2)	700.00	328,080.00
	(3)	1,600.00	890,446.00
	VII (1)	600.25	14,109.75
	(2)	1,450.00	51,423.08
Total		84,050.25	3,025,995.06
Morocco	I (4)		9.00
Mozambique	I (1)	58.00	88.40
	(4)	73.09	184.78
	V (2)		1,000.00
	(3)		20,610.00
Total		131.09	21,883.16
Netherlands	I (2)		17.50
	III (1)		1,081,788.00
	(2)		6,569.00
	IV (1)		45.00
	V (1)		485,314.00
	(2)	34,853.60	507,996.17
	(3)	101,321.00	1,210,390.00
	VII (2)		52,779.00
Total		136,174.50	3,344,898.67
Netherlands Indies	I (1)		448.17
	(2)		45,645.00
	(4)		917.91
	(5)		495,550.00
	III (1)		4,856,313.00
	(2)		21,026.80
	IV (1)		39,889.30
	(2)		540.04

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Netherlands Indies—Contd.	V (1)		\$142,478.00
	(2)	\$54,030.00	206,002.10
	(3)		261,607.00
	VII (1)		10.00
Total		54,030.00	6,070,427.32
New Caledonia	I (1)	381.60	10,080.85
	(4)	372.68	1,224.05
	V (3)		14,000.00
Total		754.28	16,304.90
Newfoundland	I (1)		612.87
	(4)		448.47
	IV (2)		166.53
	V (2)		2,740.00
	(3)		14,500.00
Total			18,467.87
New Guinea, Territory of	I (1)		17.00
	(4)		91.56
	IV (2)		82.00
	V (2)	9,860.00	28,059.00
	(3)		102,000.00
Total		9,860.00	130,249.56
New Hebrides	I (4)		116.10
New Zealand	I (1)		466.61
	(4)		592.43
	IV (2)		106.58
	V (1)		4,500.00
	(2)		12,752.00
	(3)		19,300.00
	VII (1)		5,578.00
	(2)		5,964.00
Total			49,259.62
Nicaragua	I (2)		1,600.00
	(4)		1,345.00
	III (1)		20,906.00
	IV (1)		427.00
	(2)		2,059.70
	V (2)		30.00
	VII (2)		885.00
Total			27,252.70
Nigeria	I (4)		41.00
Northern Ireland	IV (1)		48.00
	(2)		3.57
	VII (1)		5.76
Total			57.33
Norway	I (1)		486.72
	(2)		4,424.00
	(4)	45.50	603.64
	IV (1)		30.00
	(2)	3.00	5.03
	V (2)		6,226.87
	(3)		19,537.00
	VII (2)		5,302.00
Total		48.50	36,615.26
Palestine	V (1)		3,052.00
	(2)		72.00
	(3)		404.00
Total			3,528.00
Panama	IV (1)		500.88
	(2)		465.00
	V (1)		4,100.00
	(2)		800.00
	(3)		3,400.00
	VII (1)		4,082.00
	(2)		728.00
Total			14,075.88

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Paraguay	IV (1)		\$8.00
	(2)		820.00
Total			828.00
Peru	I (1)		45.00
	(2)		37,000.00
	(4)		955.36
	II (1)		16,000.00
	III (2)		1,083,240.00
	IV (1)		10,678.40
	(2)		303.50
	V (1)		412.00
	(2)		36,585.00
	(3)		99,422.70
	VII (1)		65,972.00
	(2)	\$9,620.00	294.40
Total		9,620.00	38,988.00
Pitcairn Island	I (4)		7.47
Poland	I (1)		118.70
	(4)		167.48
	IV (1)		1,056.55
	(2)		111.39
	V (1)		257,705.00
	(2)		39.00
Total			259,198.12
Portugal	I (4)		10.00
	IV (1)		317.00
	(2)		100.00
	V (1)		9,135.00
	(2)		6,310.00
	(3)		28,475.00
	VII (1)		528.00
Total			44,875.00
Rumania	I (5)		835,000.00
	V (2)		3,970.00
	(3)		26,190.00
Total			865,160.00
Southern Rhodesia	I (1)		609.92
	(4)		277.95
	IV (1)		201.75
	V (1)		1,900.00
Total			2,989.62
Straits Settlements	I (1)		39.00
	(4)		116.37
	IV (1)		229.50
	(2)		34.76
Total			419.63
Sweden	I (1)		71.25
	(4)		1,292.14
	V (1)	2,342.00	123,057.00
	(2)		152,531.72
	(3)	10,955.00	32,170.00
Total		13,297.00	309,122.11
Switzerland	I (1)		62.90
	IV (1)	553.00	1,187.75
	V (1)		245,697.00
	(2)		22,794.00
	(3)		20,200.00
	VII (2)	150.00	150.00
Total		703.00	290,081.65
Syria	IV (2)		19.00
Thailand	I (1)		23.55
	(4)		12.15
	IV (1)	5,184.00	30,525.19
	(2)	396.42	378.25

Country of destination	Category	Value	
		December 1939	12 months ending December 31, 1939
Thailand—Continued.	V (1)		\$5,500.00
	(2)		65,167.61
	(3)	\$51,968.00	346,200.00
Total		57,488.42	447,866.81
Trinidad	I (4)		1.08
	IV (1)		79.50
	(2)		37.00
	V (2)		1,051.50
	(3)	1,500.00	11,500.00
Total		1,500.00	12,669.08
Turkey	I (2)	41,955.00	75,195.00
	III (1)	312,088.00	312,088.00
	IV (1)		170.34
	(2)		5.25
	V (2)		329,778.00
	(3)		25.00
Total		354,043.00	717,261.59
Turks and Caicos Islands	IV (1)		18.70
	(2)		.80
Total			19.50
Union of South Africa	I (1)		1,210.83
	(4)		1,835.41
	IV (1)		3,375.21
	(2)		368.24
	V (1)	1,800.00	64,978.00
	(2)	373.79	10,927.36
	(3)		3,765.00
	VII (2)		11,780.00
Total		2,173.79	98,220.05
Union of Soviet Socialist Republics	V (1)		845,966.00
	(2)		74,513.78
	(3)	30,128.00	176,536.00
Total		30,128.00	1,097,015.78
Uruguay	I (4)		13.00
	IV (1)		1,955.00
	V (2)		180.00
Total			2,128.00
Venezuela	I (1)		40.00
	(2)		41.00
	(4)		57.00
	IV (1)	105.00	20,544.24
	(2)	2.10	1,258.85
	V (1)	193,400.00	271,833.00
	(2)	2,042.32	24,379.82
	(3)	4,000.00	158,853.50
	VII (1)	324.00	7,071.37
	(2)		13,410.00
Total		199,873.42	497,528.78
Windward Islands	IV (1)		48.00
Yugoslavia	V (1)		182,036.00
	(2)		32,967.00
	(3)		1,906.00
Total			216,909.00
Grand total		26,219,147.13	102,298,298.51

ARMS IMPORT LICENSES ISSUED

The table printed below indicates the character, value, and countries of origin of the arms, ammunition, and implements of war

licensed for import by the Secretary of State during the month of December 1939:

Country of origin	Category	Value	Total
Argentina	III (1)	\$70,000.00	\$70,000.00
Brazil	V (3)	6,000.00	6,000.00
Canada	I (1)	90.00	110.00
	IV (1)	20.00	
	V (2)	3,000.00	
France	(3)	14,000.00	17,837.22
	VII (1)	837.22	
Great Britain	V (3)	4,840.00	4,840.00
Netherlands	I (4)	36.00	36.00
Norway	V (2)	200.00	200.00
Total			99,023.22

During the month of December, 8 arms import licenses were issued, making a total of 156 such licenses issued during the current year.

CATEGORIES OF ARMS, AMMUNITION, AND IMPLEMENTS OF WAR

The categories of arms, ammunition, and implements of war in the appropriate column of the tables printed above are the categories into which those articles were divided in the President's proclamation of May 1, 1937, enumerating the articles which would be considered as arms, ammunition, and implements of war for the purposes of section 5 of the joint resolution of May 1, 1937, as follows:

Category I

(1) Rifles and carbines using ammunition in excess of caliber .22, and barrels for those weapons;

(2) Machine guns, automatic or autoloading rifles, and machine pistols using ammunition in excess of caliber .22, and barrels for those weapons;

(3) Guns, howitzers, and mortars of all calibers, their mountings and barrels;

(4) Ammunition in excess of caliber .22 for the arms enumerated under (1) and (2) above, and cartridge cases or bullets for such ammunition; filled and unfilled projectiles for the arms enumerated under (3) above;

(5) Grenades, bombs, torpedoes, mines and depth charges, filled or unfilled, and apparatus for their use or discharge;

(6) Tanks, military armored vehicles, and armored trains.

Category II

Vessels of war of all kinds, including aircraft carriers and submarines, and armor plate for such vessels.

Category III

(1) Aircraft, unassembled, assembled, or dismantled, both heavier and lighter than air, which are designed, adapted, and intended for aerial combat by the use of machine guns or of artillery or for the carrying and dropping of bombs, or which are equipped with, or which by reason of design or construction are prepared for any of the appliances referred to in paragraph (2) below;

(2) Aerial gun mounts and frames, bomb racks, torpedo carriers, and bomb or torpedo release mechanisms.

Category IV

(1) Revolvers and automatic pistols using ammunition in excess of caliber .22;

(2) Ammunition in excess of caliber .22 for the arms enumerated under (1) above, and cartridge cases or bullets for such ammunition.

Category V

(1) Aircraft, unassembled, assembled or dismantled, both heavier and lighter than air, other than those included in Category III;

(2) Propellers or air screws, fuselages, hulls, wings, tail units, and under-carriage units;

(3) Aircraft engines, unassembled, assembled, or dismantled.

Category VI

(1) Livens projectors and flame throwers;

(2) a. Mustard gas (dichlorethyl sulphide);
b. Lewisite (chlorovinyldichlorarsine and dichlordivinylchlorarsine);

c. Methylchlorarsine;

d. Diphenylchlorarsine;

e. Diphenylcyanarsine;

f. Diphenylaminechlorarsine;

g. Phenylchlorarsine;

h. Ethylchlorarsine;

i. Phenylbromarsine;

j. Ethylbromarsine;

k. Phosgene;

l. Monochloromethylchlorformate;

m. Trichloromethylchlorformate (diphosgene);

n. Dichlorodimethyl Ether;

o. Dibromodimethyl Ether;

p. Cyanogen Chloride;

q. Ethylbromacetate;

r. Ethyliodoacetate;

s. Brombenzylcyanide;

t. Bromacetone;

u. Brommethylethyl ketone.

Category VII

(1) Propellant powders;

(2) High explosives as follows:

a. Nitrocellulose having a nitrogen content of more than 12%;

b. Trinitrotoluene;

c. Trinitroxylyene;

d. Tetryl (trinitrophenol methyl nitramine or tetranitro methylaniline);

e. Picric acid;

f. Ammonium picrate;

g. Trinitroanisole;

h. Trinitronaphthalene;

i. Tetranitronaphthalene;

j. Hexanitrodiphenylamine;

k. Pentaerythritetranitrate (Penthrate or Pentrite);

l. Trimethylenetrinitramine (Hexogen or T₄);

m. Potassium nitrate powders (black saltpeter powder);

n. Sodium nitrate powders (black soda powder);

o. Amatol (mixture of ammonium nitrate and trinitrotoluene);

p. Ammonal (mixture of ammonium nitrate, trinitrotoluene, and powdered aluminum, with or without other ingredients);

q. Schneiderite (mixture of ammonium nitrate and dinitronaphthalene, with or without other ingredients).

SPECIAL STATISTICS IN REGARD TO ARMS EXPORTS TO CUBA

In compliance with article II of the convention between the United States and Cuba to suppress smuggling, signed at Habana, March 11, 1926, which reads in part as follows:

"The High Contracting Parties agree that clearance of shipments of merchandise by water, air, or land, from any of the ports of either country to a port of entry of the other country, shall be denied when such shipment comprises articles the importation of which is prohibited or restricted in the country to which such shipment is destined, unless in this last case there has been a compliance with the requisites demanded by the laws of both countries."

and in compliance with the laws of Cuba which restrict the importation of arms, ammunition,

and implements of war of all kinds by requiring an import permit for each shipment, export licenses for shipments of arms, ammunition, and implements of war to Cuba are required for the articles enumerated below in addition to the articles enumerated in the President's proclamation of May 1, 1937:

(1) Arms and small arms using ammunition of caliber .22 or less, other than those classed as toys.

(2) Spare parts of arms and small arms of all kinds and calibers, other than those classed as toys, and of guns and machine guns.

(3) Ammunition for the arms and small arms under (1) above.

(4) Sabers, swords, and military machetes with cross-guard hilts.

(5) Explosives as follows: explosive powders of all kinds for all purposes; nitrocellulose having a nitrogen content of 12 percent or less; diphenylamine; dynamite of all kinds; nitroglycerine; alkaline nitrates (ammonium, potassium, and sodium nitrate); nitric acid; nitrobenzene (essence or oil of mirbane); sulphur; sulphuric acid; chlorate of potash; and acetones.

(6) Tear gas ($C_6H_5COCH_2Cl$) and other similar nontoxic gases and apparatus designed for the storage or projection of such gases.

The table printed below indicates, in respect to licenses authorizing the exportation to Cuba of the articles and commodities listed in the preceding paragraph issued by the Secretary of State during December 1939, the number of licenses and the value of the articles and commodities described in the licenses:

Number of licenses	Section	Value	Total
27	(1)-----	\$495.05	\$11,601.92
	(2)-----	39.00	
	(3)-----	2,846.00	
	(5)-----	8,221.87	

The table printed below indicates the value of the articles and commodities listed above exported to Cuba during December 1939 under licenses issued by the Secretary of State:

Section	Value	Total
(1)-----	\$1,046.15	\$38,333.10
(2)-----	190.70	
(3)-----	16,149.00	
(5)-----	20,947.25	

TIN-PLATE SCRAP

The table printed below indicates the number of licenses issued during the year 1939, up to and including the month of December, authorizing the export of tin-plate scrap under the provisions of the act approved February 15, 1936, together with the number of tons authorized to be exported and the value thereof:

Country of destination	December 1939		12 months ending December 31, 1939	
	Quantity in long tons	Total value	Quantity in long tons	Total value
Japan-----	385	\$6,897.00	10,699	\$200,497.82

During the month of December, 9 tin-plate scrap licenses were issued, making a total of 172 such licenses issued during the current year.

HELIUM

The table printed below gives the essential information in regard to the licenses issued during the month of December 1939 authorizing the exportation of helium gas under the provisions of the act approved on September 1, 1937, and the regulations issued pursuant thereto:

Applicant for license	Purchaser in foreign country	Country of destination	Quantity in cubic feet	Total value
The Linde Air Products Co.	The O. H. Johns Glass Co., Ltd.	Canada.....	0.353	\$45.00
The Linde Air Products Co.	Western Claude Neon Lights, Ltd.	Canada.....	.1412	22.60
The Linde Air Products Co.	Ryo Ushiyama.....	Japan.....	.0706	11.20
The Ohio Chemical & Mfg. Co.	Clarendon Laboratory.	Great Britain.	200	16.00

General

PASSPORT STATISTICS

[Released to the press January 22]

The following information concerning persons procuring passports or renewals has been compiled from passport and renewal applications received by the Department of State during the calendar year ending December 31, 1939:

OCCUPATION	
Accountant.....	625
Actor.....	365
Architect.....	157
Artist.....	643
Banker, broker.....	982
Buyer, exporter, importer.....	759
Clerk, secretary.....	5,252
Contractor.....	321
Doctor.....	1,281
Draftsman.....	284
Druggist.....	83
Engineer.....	2,625
Executive.....	3,313
Farmer, rancher.....	1,014
Florist.....	329
Housewife.....	13,274
Interior decorator.....	140
Laborer (common).....	1,622
Laborer (skilled).....	11,523
Lawyer.....	1,099
Librarian.....	320
Manufacturer.....	963
Merchant.....	1,686
Miscellaneous.....	2,873
Missionary.....	1,139
Musician.....	586
None.....	7,600
Nurse.....	1,276
Religious.....	1,824
Restaurateur.....	571
Retired.....	2,104
Salesman.....	1,834
Scientific.....	777
Servant.....	1,805
Student.....	8,780
Teacher.....	7,705
Technician.....	433
Tradesman.....	850
Writer.....	1,033
Total.....	89,850

DESTINATION	
Africa.....	1,074
All countries*.....	460
Australia and New Zealand.....	1,207
Eastern Europe.....	4,018
Far East.....	5,409
Latin America.....	13,951
Near East.....	4,997
Western Europe.....	65,163
Canada and Newfoundland.....	44

OBJECT OF TRAVEL

Commercial.....	5,265
Education.....	3,689
Employment.....	5,399
Family affairs.....	3,597
Health.....	869
Personal business.....	23,790
Professional.....	2,479
Religious.....	1,861
Scientific.....	360
Travel.....	42,541

APPLICANT

Native.....	57,896
Naturalized.....	31,954
Male.....	48,820
Female.....	41,030

ADDITIONAL PERSONS INCLUDED IN PASSPORTS

Adults.....	13,200
Minors.....	10,431

PREVIOUS PASSPORTS

Number of applicants having been previously issued American passports.....	31,048
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PERMANENT RESIDENCE, 1939

	Number receiving passports or renewals	Percent of total
Alabama.....	300	0.34
Alaska.....	28	0.03
Arizona.....	263	0.29
Arkansas.....	176	0.20
California.....	10,525	11.71
Colorado.....	570	0.63
Connecticut.....	2,356	2.62
Delaware.....	224	0.25
District of Columbia.....	1,085	1.20
Florida.....	879	0.98
Georgia.....	394	0.44
Idaho.....	147	0.16
Illinois.....	6,300	7.01
Indiana.....	961	1.07
Iowa.....	587	0.65
Kansas.....	430	0.48
Kentucky.....	340	0.38
Louisiana.....	769	0.86
Maine.....	325	0.36
Maryland.....	1,114	1.24
Massachusetts.....	5,415	6.03
Michigan.....	2,921	3.25
Minnesota.....	1,236	1.38
Mississippi.....	181	0.20
Missouri.....	1,393	1.55
Montana.....	218	0.24
Nebraska.....	364	0.41
Nevada.....	109	0.12
New Hampshire.....	252	0.28
New Jersey.....	5,855	6.51
New Mexico.....	158	0.18
New York City.....	18,424	20.51

* While a great many applicants inserted "All countries" in the space provided in applications for destination, it is the opinion of the Department of State that practically all who gave "All countries" as their destination contemplated visiting western Europe.

PERMANENT RESIDENCE, 1939—continued

	Number receiving passports or re- newals	Percent of total
New York State ^b	6,080	6.77
North Carolina.....	448	0.50
North Dakota.....	124	0.14
Ohio.....	3,824	4.26
Oklahoma.....	678	0.75
Oregon.....	585	0.65
Pennsylvania.....	5,895	6.56
Rhode Island.....	652	0.72
South Carolina.....	198	0.22
South Dakota.....	147	0.16
Tennessee.....	369	0.41

PERMANENT RESIDENCE, 1939—continued

	Number receiving passports or re- newals	Percent of total
Texas.....	2,180	2.43
Utah.....	419	0.47
Vermont.....	164	0.18
Virginia.....	743	0.83
Washington.....	1,098	1.22
West Virginia.....	297	0.33
Wisconsin.....	1,518	1.69
Wyoming.....	132	0.15
	89,850	100.00

^b Exclusive of New York City.

Foreign Service of the United States

RESIGNATION OF JOSEPH E. DAVIES AS AMBASSADOR TO BELGIUM AND MINISTER TO LUXEMBURG

[Released to the press by the White House January 23]

The President has accepted the formal resignation of Joseph E. Davies as Ambassador to Belgium and Minister Plenipotentiary to Luxembourg.

Ambassador Davies' letter of resignation to the President dated January 15, 1940, reads as follows:

"MY DEAR MR. PRESIDENT:

"Herewith I confirm my previous oral resignation, as of January 16, as Ambassador to Belgium and Minister Plenipotentiary to Luxembourg in order that I may assume the duties of my new post as special assistant to the Secretary of State as an adviser on war emergency problems and policies.

"May I be permitted to express to you the pride which I find in the fact that you and the Secretary of State should have imposed this renewed confidence in me?

"May I also say, as I am now retiring from active diplomatic service abroad, that I found the highest personal satisfaction in serving my

country as your personal representative to the Governments of Russia, Belgium and Luxembourg? In no less degree do I value the fact that this gave me the opportunity to be identified with, and perhaps to be of some small service to, your great administration. I shall always be grateful to you.

"Sincerely yours,

JOSEPH E. DAVIES"

In accepting the Ambassador's resignation, the President replied January 23, 1940, as follows:

"MY DEAR JOE:

"In order to make it possible for you to assume the duties of your new post as Special Assistant to the Secretary of State, I accept herewith your resignation as Ambassador to Belgium and Minister to Luxembourg, effective as of January sixteenth.

"I do this with less misgiving because through your new work in the Department of State we shall continue to have the benefit of your wide

experience in Europe and your critical estimate of developments there.

"Now that you are formally relinquishing the posts in Brussels and in Luxembourg, I do want to assure you of my deep appreciation of the excellent work you have done there and I feel also that it is due you to say, particularly, that your reports from your recent posts, as well as those sent previously from Moscow, were extremely valuable.

"You exercised a happy faculty in evaluating events at hand and determining with singular accuracy their probable effect on future developments. Your judgements of men and measures were sound and dependable. On this account I feel it is particularly fortunate that we are to have the continued benefit of your guidance and counsel in foreign affairs.

"Very sincerely yours,

FRANKLIN D. ROOSEVELT"

Treaty Information

Compiled by the Treaty Division

NAVIGATION

Great Lakes-St. Lawrence Waterway Project

Following is a statement by the Secretary of State:

"We are glad to welcome Dr. Skelton, the Under Secretary of State for External Affairs of Canada, and his colleagues,* who have come to Washington for the purpose of continuing negotiations for a new treaty providing for the development of the St. Lawrence River and the Great Lakes Basin.

"Both Canada and the United States have been interested in this development for many years. The treaty which was negotiated covering this subject in 1932 met with certain objections; and as a result, both the Canadian Government and ourselves decided to reopen the negotiations on a new basis, looking towards the conclusion of a new treaty dealing with the Great Lakes-St. Lawrence Basin as a whole.

"In a world in which so much of international relations arises out of unhappiness, it is gratify-

ing to be able to take up a project which is constructive, and whose object is to improve the economic well-being of the peoples of both countries."

The Canadian delegation on the Great Lakes-St. Lawrence Basin Project arrived in Washington on January 21. On Monday, January 22, conversations with the United States delegation were resumed in the Department of State. These conversations continued through the afternoon of January 24. Dr. O. D. Skelton, Under Secretary of State for External Affairs and head of the Canadian delegation, and his associates left Washington to return to Ottawa the afternoon of January 24. Before their departure, the following joint statement on behalf of the two delegations was agreed upon:

"During the discussions the whole field was covered, and definite progress was made. The discussions have now reached the point where it is necessary for the two delegations to report to their respective Governments on various matters of policy requiring their consideration and decision.

"The engineering advisers of the two Governments have reached substantial agreement on the feasibility and desirability of a project in

*The Canadian delegation is composed of: Dr. O. D. Skelton; Mr. J. E. Read; Mr. Guy A. Lindsay; Mr. T. H. Hogg; and Mr. Olivier Lefebvre.

the International Rapids section of the St. Lawrence River which would involve a main dam in the vicinity of Barnhart Island, with a power house in each country, and a control dam upstream. This project is based upon a plan which was discussed in some detail in the 1926 report of the Joint Board of Engineers. The engineers of the two countries are in agreement that such a project is sound from an engineering standpoint, cheaper in cost than the project on which the 1932 Treaty was based, and affords full protection for all the interests in the various sections of the St. Lawrence River.

"The negotiations will continue through diplomatic channels."

TELECOMMUNICATIONS

International Telecommunication Convention (Treaty Series No. 867)

Greece

According to notification No. 347, dated January 1, 1940, from the Bureau of the International Telecommunication Union at Bern, the Greek Government has approved the following regulations and protocols annexed to the International Telecommunication Convention of December 9, 1932, as revised at Cairo in 1938:

- General Radio Regulations and Final Protocol (revision of Cairo, 1938)
- Additional Radio Regulations and Additional Protocol (revision of Cairo, 1938)
- Telegraph Regulations and Final Protocol (revision of Cairo, 1938)
- Telephone Regulations and Final Protocol (revision of Cairo, 1938).

International Telephone Consulting Committee

Free City of Danzig

According to notification No. 346, dated December 16, 1939, from the Bureau of the International Telecommunication Union at Bern, the German Administration, by a letter dated November 27, 1939, requested the Union to notify its members that the Free City of Danzig,

ceasing to be a member of the International Telecommunication Union, in consequence ceases to belong to the International Telephone Consulting Committee.

RESTRICTION OF WAR

Convention for the Amelioration of the Condition of the Wounded and the Sick of Armies in the Field (Treaty Series No. 847)

Belgium

The American Embassy at Brussels transmitted to the Secretary of State with a despatch dated January 3, 1940, a copy and translation of a note from the Belgian Foreign Office of December 29, 1939, requesting in conformity with the provisions of article 10 of the Convention for the Amelioration of the Condition of the Wounded and the Sick of Armies in the Field, signed at Geneva on July 27, 1929, that the Embassy notify this Government, as a party to the convention, that the Red Cross of Belgium is duly recognized and authorized by the Belgian Government to collaborate with the Health Service of the Army.

EDUCATION

Procès-Verbal Concerning the Application of Articles IV, V, VI, VII, IX, XII, and XIII of the Convention of October 11, 1933, for Facilitating the International Circulation of Films of an Educational Character

Australia

According to a circular letter from the League of Nations dated December 22, 1939, the Procès-Verbal Concerning the Application of Articles IV, V, VI, VII, IX, XII, and XIII of the Convention of October 11, 1933, for Facilitating the International Circulation of Films of an Educational Character, which was opened for signature at Geneva on September 12, 1938, was signed on behalf of Australia, including the territories of Papua and Norfolk Island and the mandated territories of New Guinea and Nauru, on December 14, 1939.

REFUGEES

Additional Protocol to the Provisional Arrangement of July 4, 1936, and to the Convention of February 10, 1938, Concerning the Status of Refugees Coming From Germany

Great Britain

According to the League of Nations publication *Registration of Treaties*, No. 218, November 1939, the signature by Great Britain to the Additional Protocol to the Provisional Arrangement of July 4, 1936, and to the Convention of February 10, 1938, Concerning the Status of Refugees Coming From Germany, which was opened for signature at Geneva on September 14, 1938, has now been rendered

DEPARTMENT OF STATE BULLETIN

definitive (see page 734 of the *Bulletin* for December 23, 1939 (Vol. I, No. 26)).

Publications

DEPARTMENT OF STATE

Compensation for Expropriated Lands: Agreement Between the United States of America and Mexico.—Effectuated by exchanges of notes signed November 9 and 12, 1938, and April 17 and 18, 1939. Executive Agreement Series No. 158. Publication 1412. 10 pp. 5¢.

OTHER GOVERNMENT AGENCIES

Annual Report of the Governor of the Panama Canal for the Fiscal Year Ended June 30, 1939. H. Doc. 501, 76th Cong., 2d sess. vii, 156 pp. 20¢.

U. S. GOVERNMENT PRINTING OFFICE: 1940

For sale by the Superintendent of Documents, Washington, D. C.—Price 10 cents - - - - Subscription price, \$2.75 a year

PUBLISHED WEEKLY WITH THE APPROVAL OF THE DIRECTOR OF THE BUREAU OF THE BUDGET